Daily Report

Latin America

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EU Envoys Interested in Free Trade With Mercosur

PY2212223494 Buenos Aires TELAM in Spanish 1534 GMT 22 Dec 94

[FBIS Translated Text] Buenos Aires, 22 Dec (TELAM)—Ambassadors and representatives from 13 EU countries today ratified their interest in the creation of a free trade zone between the EU and Mercosur [Common Market of the South].

Government sources said that during a meeting at the San Martin Palace the group of representatives reiterated to Argentine Foreign Ministry officials "the growing EU interest in a quick institutionalization of the Mercosur process."

The European ambassadors were briefed about the recent presidential summit in Ouro Preto (Brazil) when the presidents of Argentina, Brazil, Paraguay, and Uruguay signed agreements to start implementing the Mercosur treaty on 1 January 1995.

The discussion between the European representatives and Argentine officials centered on Mercosur institutionalization and the creation of a future regional parliament.

The Foreign Ministry officials offered a detailed report on these matters. International Economic Relations Secretary Jorge Campbell said each Mercosur member country will be represented by eight senators and deputies in the Mercosur Parliament.

Representatives of Germany, Austria, Belgium, Denmark, Spain, France, Finland, Greece, Great Britain, Italy, the Low Countries, Portugal, and Sweden participated in the briefing, which was carried out in the Green Hall of San Martin Palace.

The meeting's agenda also included a briefing on the agreements signed at the recent Ouro Preto summit, and the possibilities of reaching an inter-regional agreement between the EU and Mercosur.

Today in Brussels (Belgium) the ambassadors of the four Mercosur member countries will sign a memorandum of understanding with representatives of the EU executive organ: the European Commission.

Mercosur, EU Sign Memorandum

PY2212215594 Madrid EFE in Spanish 1548 GMT 22 Dec 94

[FBIS Translated Text] Brussels, 22 Dec (EFE)—The Mercosur [Common Market of the South] countries today signed a memorandum of understanding with the European Union (EU) to initiate in early 1995 negotiations for an inter-regional agreement to establish a free trade zone.

To achieve these goals, the two sides committed themselves to initiating the negotiations "as soon as possible, during the first half of 1995, and to making an effort to conclude them in 1995," EU sources pointed out.

The memorandum of understanding was signed by Dietrich von Kyaw, German ambassador to the EU; European Commission Secretary General David Williamson; Jorio Dauster, Brazilian ambassador to the EU; Diego Guelar, Argentine ambassador to the EU; Alfredo Canete, Paraguayan ambassador to the EU; and Jose Maria Araneo, Uruguayan ambassador to the EU.

In the memorandum of understanding the two sides underline their great interest in a strategy whose final goal is to achieve close political cooperation, including a mechanism of consultation, a gradual and mutual trade deregulation "bearing in mind the sensitivity of some products," investments promotion, and the enhancement of cooperation.

The two sides also agreed to achieve an inter-regional agreement, including economic and trade cooperation, as the first stage toward achieving a free trade agreement.

The decisions made this month by the EU heads of state and government in Essen (Germany) and by the Mercosur presidents in Ouro Preto (Brazil) paved the way to signing this "memorandum" allowing formal negotiations between the world's first and fourth trade blocs.

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Uruguay's Abreu on Mercosur Negotiations

PY2212204194 Montevideo EL OBSERVADOR ECONOMICO in Spanish 17 Dec 94 p 10

[FBIS Translated Text] Foreign Minister Sergio Abreu has told EL OBSERVADOR that yesterday's agreement recognized the differences between Uruguay's economy and the economies of the other Mercosur [Common Market of the South] member countries. Abreu lauded the government's successful negotiating position, which obtained an extra period of time for some industries that otherwise would have been condemned to collapse, unable to face the foreign competition.

Abreu said the understanding that the presidents will sign today is "the end of a stage that started with the Asuncion Treaty." Abreu outlined the fact that Mercosur will become the second economic bloc in the world to adopt a common external tariff (the first was the EU).

Abreu said that during the negotiating process each member country defined its own strategy, based on its respective productive structure and the size of its economy, which is the reason why Uruguay obtained more exceptions than the other members.

"These exceptions will protect industries that need retooling to become competitive," Abreu said.

The minister said the agreement between the four countries recognizes Uruguay's peculiarities, and gives the country instruments so that once the transition is over "it will have sufficient capacity to compete in different markets, based on its strategy in market niches and quality."

"Uruguayan labor federations now know what the situation is and what the rules of the game are and so can either change or face circumstances similar to those that would have been faced by many industries if we had not negotiated differential treatment for our country, recognizing our differences," the minister added.

De Posadas: "Natural Coordination"

Economy Minister Ignacio de Posadas was visibly calm, contrary to the way he had appeared at previous Mercosur meetings. The minister could not hide his satisfaction over the agreement, and (also different from other occasions) kindly agreed to answer all reporters' questions, showing that he is perfectly fluent in Portuguese.

De Posadas told EL OBSERVADOR that Mercosur must work to consolidate a common market, adding that this will not occur just because we establish deadlines, but in a natural way, and as a consequence of the fact that the four countries are implementing similar policies.

"Progress has been very significant if we consider the member countries' economic evolution in the past four years," De Posadas said.

Argentina's Di Tella on Specialization Within Mercosur

PY2212160994 Buenos Aires TELAM in Spanish 1856 GMT 21 Dec 94

[FBIS Translated Text] Buenos Aires, 21 Dec (TELAM)—Foreign Minister Guido Di Tella explained today that within the Mercosur [Common Market of the South] the countries will not be divided between agricultural and industrial nations, although there will be a natural tendency toward specialization that will be determined by business decisions.

"It is quite certain that there will be no division between countries that are dedicated to primary production and others that are dedicated to industrialism, and although there will be a natural tendency toward specialization, this will depend on the businessmen," Di Tella said.

When he was consulted at San Martin Palace, Di Tella stressed that the government does not want to commit the error made by Japan's MITI (Ministry of International Trade and Industry) of trying to plan the future of the automotive industry only to see afterward that everything went the way the industrialists had decided upon.

On a certain occasion MITI had indicated that there were too many vehicle manufacturers in Japan and that some of them should disappear, but this did not happen.

After a reception for the media, Di Tella stated that the government only wants to establish "healthy rules and regulations," but it does not know what the region's future will be.

Jorge Campbell, economic negotiations secretary of the Foreign Ministry, reaffirmed that "the theory that within the Mercosur there will be a specialization between agricultural and industrial countries is outdated."

He denied that this is the tendency that will mark the relations between Argentina and Brazil within the Mercosur, and he indicated that on the contrary, we are having difficulty in selling wheat at present.

"Instead, exports of industrial products to Brazil are increasing very quickly," he said.

He also believes that there will not be inter-industrial specialization, and that "an exchange of goods is taking place that is typical of mature countries, because similar products are being bought and sold."

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Cuba

Castro Comments During ANPP Debate of Mining Law

FL2212153694 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 22 Dec 94

[From the "NTV" newscast]

[FBIS Translated Text] Today, in the National Assembly of the People's Government [ANPP], during the debate on the mining law, Commander in Chief Fidel Castro stated that rationalization is necessary in all factories. Castro also stated that all that was being done was to benefit Cuba and the people.

[Begin Castro recording] It speaks about concessions, but we are the ones with the concession. In one way or another we are involved in all of these businesses, whether it involves oil or gold. We always try to obtain whatever is best for Cuba in these accords. I am absolutely sure that the workers from those enterprises... [rephrases] sure, they are going to be less. We are bond to achieve efficiency. The workers are not going to be in bad shape in all of these joint enterprises. I wish we could give all of the factories we have today certain advantages and benefits that we have obtained for the workers in the joint enterprises. [end recording]

Due to the concern of the Cuban Workers Federation's secretary [Pedro Ross] regarding concessions made to foreign businessmen in the mining sector, Fidel Castro stated that the people and the workers are always the main concern. However, Fidel Castro also pointed out the old struggle against padded payrolls, resources wasted in the past, and the efforts being made to achieve efficiency, during the special period.

[Begin Castro recording] Rationalization began here in the Medical and Surgical Research Center, in certain scientific research centers, in the contingents, and with 10 and 12 hour work shifts. It is proven that we have obtained what we have wanted, when we have wanted, with our workers, as well as with understanding and cooperation of our organizations. I was just referring to is that, generally, we have not made demands on ourselves during the Revolution. We have spoken before about the fact that we have been wasteful, profuse spenders, and undisciplined. We have been the ones that have created this. If we had accompanied our socialism with the efficiency that we are looking for now, in this special period, who knows what we could have done and how far could we have gone. [end recording]

Calls For Higher Productivity, Efficiency

PA2212122794 Havana PRENSA LATINA in Spanish 0102 GMT 22 Dec 94

[FBIS Translated Text] Havana, 21 Dec (PL)—President Fidel Castro called today for a recovery in productive work and increased economic efficiency as the main instruments for ensuring that the efforts of companies and workers become more profitable.

Speaking at the final evening session of the fourth regular session of the national parliament, the leader cited as an example to be emulated the profitability and efficiency shown by Cuban organizations associated with foreign capital.

If there is something positive about the presence of capitalists in the country it is that they force us to become efficient and to improve our technology, he pointed out.

He added that if we had been as efficient in our socialism as we want to be today who knows where we would be now.

Fidel Castro was thus replying to labor leader Pedro Ross, who told the plenary session of deputies of his concern over the labor situation of Cuban miners hired by joint enterprises recently established in the country.

In expressing the special attention that the government gives to the safety and interests of workers, the president pointed out that all factories, companies, or hotels have surplus personnel. He added that there can be no joint enterprise without rationalization, because otherwise nobody would invest.

The Parliament debated a mining bill—that was later unanimously passed—that deals with concessions, oversight, management, reception of applications, and participation in joint plans for this sector of Cuban industry.

600 Rafters Return From Guantanamo Through Mine Fields

PA2312021194 Havana PRENSA LATINA in Spanish 1706 GMT 21 Dec 94

[FBIS Translated Text] Havana, 20 Dec (PL)—Some 600 illegal Cuban migrants who were congregated at the Guantanamo Naval Base have returned to the island within the past few months through the mine fields surrounding the base occupied by the United States.

The figure, released by the National Information Agency (AIN), was disclosed during a tour of the Guantanamo area bordering the U.S. installation. The tour was conducted for military attaches of several countries accredited to the Caribbean island.

Authorities from Guantanamo Province and officers from the Revolutionary Armed Forces (FAR) explained to the diplomats the border guards' efforts to rescue the rafters from the mine fields.

Nearly 22,000 people who left Cuba beginning last August still remain in concentration camps installed by the Marines inside the base.

The military attaches of Angola, Peru, Mexico, the DPRK, Russia, and the PRC are conducting a tour of the

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easternmost Cuban province at the invitation of FAR Minister Army General Raul Castro.

The diplomatic officials also took advantage of the trip to pay tribute to Jose Marti at the small beach in Cajobabo where the Cuban national hero landed along with Maximo Gomez, the Dominican fighter for independence, in April 1895.

The visitors also toured Maisi Municipality, which leads the country in coffee production.

Ministry Reveals Authorization of Returns From Guantanamo

PA2212201694 Havana PRENSA LATINA in Spanish 1907 GMT 22 Dec 94

[FBIS Translated Text] Havana, 22 Dec (PL)—At the request of the interested parties, Cuba has authorized the return to their homes of 529 of its citizens detained by the United States at the Guantanamo Naval Base, the Cuban Foreign Ministry reported today.

A total of 324 of these people have already traveled to this capital on eight flights chartered by Washington. No new authorizations from Havana are pending, Cuban Foreign Ministry Spokesman Miguel Alfonso told the media.

Alfonso explained that another 607 Cubans held in Guantanamo escaped from the U.S. naval base, endangering their lives in the minefields surrounding the military installation. They turned themselves over to the island's authorities, asking to be returned to their homes.

These escapes through such a dangerous area have resulted in some deaths, the Foreign Ministry spokesman added.

Alfonso also said the Cuban Government notified the United States about the complaints regarding 36 children in Guantanamo. Some of the parents complained about the children's illegal transfer outside the country by the other parent or by a certain relative.

We have not yet received official word in this regard. Cuba's intention is to guarantee the rights of any of the parents adversely affected by this situation, he pointed out.

Alfonso denied reports in the foreign media on possible mediation by Central American countries or institutions aimed at seeking a political agreement between Cuba and the United States or between the island's government and aggressive immigrant groups.

Relations with the United States are handled between governments with equal sovereignty. As for relations with those types of migrants who are in the service of foreign interests, there is no real chance that talks will be held with them, he said.

He also said that Cuba will continue with its plans to normalize relations with Cuban emigrants who have not given up the sovereignty of their country of origin, a process that was initiated months ago.

In response to another question, Alfonso denied that the Cuban Foreign Ministry had received a protest from the Venezuelan Government over the recent visit to Havana by Lieutenant Colonel (retired) Hugo Chavez.

Radio Havana Reports on Rafters in Panama Camp

PA2212173494 Havana Radio Havana Cuba in Spanish 0000 GMT 22 Dec 94

[Report by correspondent Eddie Zamora in Panama; from the "Evening Information Review" newscast]

[FBIS Translated Text] Representatives of the domestic and foreign media who were prohibited from visiting the rafters installations on the banks of the Panama Canal were recently allowed to visit Camp No. 1. Upon arrival at this installation we observed that it had been ringed with barbed wire, that the military patrols inside the camps were carrying clubs, and that their faces were painted as if they were at war.

Meanwhile, a large number of rafters' faces were black and blue. They say this is the result of the blows received from the U.S. riot squads. They showed us their injured heads. They were openly bitter and expressed this to reporters as we arrived. What we saw in this camp speaks for itself. Here are some statements by the rafters:

[Begin unidentified speaker recording] The problem is with our brothers who have been detained. It does not matter if they are guilty; these brothers should not be mistreated. They should be given [words indistinct]. They should not be mistreated. [Words indistinct] handcuffed. What they have done is a killing. Whether our brothers who are detained are guilty or not [words indistinct] justice with law. [end recording]

This has been a report from rafters' Camp No. 1 located in U.S. Southern Command military areas in Panama.

Robaina, Egypt's Mubarak Discuss Relations

PA2312010994 Havana PRENSA LATINA in Spanish 1541 GMT 22 Dec 94

[FBIS Translated Text] Cairo, 22 Dec (PL)—Cuban Foreign Minister Roberto Robaina today will conclude a three-day visit to Egypt. During the visit, he was received by President Muhammad Husni Mubarak.

During his meeting with Mubarak, Robaina conveyed to him a verbal message from President Fidel Castro, who sent personal greetings and reaffirmed the Cuban Government's determination to keep developing relations between the two countries in all areas.

According to sources close to the Cuban delegation, the meeting between Mubarak and Robaina, with Egyptian Foreign Minister 'Amr Mahmud Musa attending, was

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cordial and friendly. Robaina briefed Mubarak on the current status of the Cuban economy and society and told him about Cuba's relations within the Latin American context and the progress of the migration agreements signed between Cuban and U.S. authorities in New York in September.

In turn, Mubarak returned Castro's greetings and showed interest in the results of the economic contacts already established between the two nations, as well as in Cuba's current reality. Mubarak expressed his desire for peace for the Cuban people and pointed out the importance of improving existing bilateral ties in economic affairs and other forms of cooperation.

At the end of the meeting with Mubarak, Robaina was surrounded by local and foreign journalists accredited in Cairo who questioned him about the purpose of his visit.

Robaina is touring northern Africa and the Middle East. In addition to Egypt, he has already visited Algeria, Tunisia, Libya, and Jordan. The tour, scheduled to end in Iran, also included a stopover in Rome, where he met with Italian Foreign Minister Antonio Martino and talked to Italian personalities and businessmen who have investments or are interested in investing in Cuba.

Robaina Urges Nations To Unite To 'Counteract U.S. Power'

FL2212222694 Havana Radio Reloj Network in Spanish 2032 GMT 22 Dec 94

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina said in Egypt today that developing countries should unite to counteract U.S. power [contrarestar el poder de los Estados Unidos]. Robaina said right after he and the Egyptian foreign minister signed a cultural accord that developing countries face a great danger with the United States becoming the world's most powerful country after the Soviet Union's fall. Robaina pointed out that this is the reason why developing countries need to speak with one voice to confront [enfrentarla] the United States. The Cuban and Egyptian foreign ministers said that they have discussed economic cooperation, especially in the agricultural and tourist industries, which are Cuba and Egypt's main source of revenue. Robaina is on a tour of several Middle Eastern countries.

Foreign Ministry Spokesman on Meeting With Caricom

FL2312034294 Havana Radio Rebelde Network in Spanish 0000 GMT 23 Dec 94

[Report by Raul Ramos; from the "Exclusive" program]

[FBIS Translated Text] Miguel Alfonso, Foreign Ministry spokesman, today told the press that the Cuba-Caricom [Caribbean Community] commission will hold its second meeting in Havana on 17 and 18 January. This bilateral commission, a subregional organization in which Cuba participates as an observer, periodically evaluates the possibilities of increasing cooperation and, in this meeting, will explore new possibilities in the tourism sector.

Alfonso also referred to Foreign Minister Roberto Robaina's current visit to Egypt and his upcoming visit to Iran. He said Robaina is expected to return to Cuba on 26 December.

Regarding the rafters confined at Guantanamo Naval Base, Alfonso said that a total of 607 rafters had been rescued by the Cuban Border Guard in the mine fields that separate the base from Cuban territory and added that some injuries or deaths had resulted.

Referring to tomorrow's UN General Assembly vote on a U.S.-sponsored resolution on the so-called human rights situation in Cuba, Alfonso said that it remains to be seen if such a tired issue that was born corrupt is confirmed.

Health Accord Signed With Republic of Moldova

FL2212015194 Havana Radio Rebelde Network in Spanish 2032 GMT 21 Dec 94

[FBIS Translated Text] A cooperation accord for the years 1995 to 1999 between the Health Ministries of Cuba and the Republic of Moldova was signed at the Cuban Foreign Ministry by Cuban Vice Health Minister Jorge Antelo and Moldovan Foreign Minister (Alexander Gurianv). Later, (Gurianv) and Vice Foreign Minister Isabel Allende signed an accord that includes the cultural, scientific, and educational sectors. Allende and (Gurianv) stated that these accords mark the reestablishment of bilateral relations, based on new guidelines, and that these accords are of great benefit to the people of Cuba and Moldova. Allende highlighted the Moldovan Government's interest in reestablishing relations with Cuba.

New Customs Rates Announced, To Yield 'Significant Revenue'

FL2112175894 Havana Radio Reloj Network in Spanish 1505 GMT 21 Dec 94

[FBIS Translated Text] The Cuban Customs Office meeting continues today in Santiago de Cuba. Specialists from all over Cuba are attending the meeting which concludes 22 December. At the meeting, it was announced that the establishment of new rates for services such as customs clearance and the use of customs storage facilities will yield significant revenue in both national and foreign currency.

Expenses at all levels, such as electricity, certain construction materials, cost of workers' uniforms and shoes, and a portion of fuel charges will be included in the budget.

As a result of these changes, the economic branches of the Cuban Customs Office will have greater responsibility in controlling the use of material and financial resources.

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Newly Approved Law Sets Up Defense Council

PA2212132394 Havana PRENSA LATINA in Spanish 2056 GMT 21 Dec 94

[FBIS Translated Text] Havana, 21 Dec (PL)—A law approved today by the Cuban parliament establishes the structures defending Cuba's sovereignty, independence, and territorial integrity.

Speeches by Army General Raul Castro, minister of the Revolutionary Armed Forces [FAR], and other deputies steered the voting of the 533 legislators at Havana's Convention Palace.

Among other matters, the unanimously approved law regulates the declaration of special situations in the country, the effect of the regulations and their termination, and the functions of defense councils as organs for guiding the state during decisive and special circumstances.

It was established that during special situations, the National Defense Council is responsible for adopting general decisions with which there will be mandatory compliance by all citizens.

This council, headed by the country's top leadership, is responsible for military training, armed struggle, internal order and security, foreign policy, economic and social activities, juridical affairs, civil defense, and political power.

For the first time a law that encompasses the possibility of the declaration of a state of war, of war itself, of the general mobilization of the country, and of a state of emergency, if circumstances so demand, has been approved.

The new law provides for the use of forces for participation in defense operations and armed struggles, as well as fundamental military services Cubans must render and other general matters related to military ranks.

Article 81 gave rise to many debates. This article guarantees that people called up for training for defense tasks will not be negatively affected in their jobs, salaries, or other additional benefits granted by state institutions and economic and social entities.

The law emphasizes social and economic development for defense purposes and the functions of FAR in relation to those of other central administrative organs of the state.

The law also establishes that young people who have reached the age of military service age may state their preferences for a particular military branch or specialty upon recruitment.

According to the Cuban Labor and Social Security Ministry, the idea is to adjust the military legislation to conform with Conventions 29 and 105 of the International Labor Organization. It suggests that recruitment commissions grow closer to the young and their relatives in order to learn what their needs are.

During the morning session, the deputies agreed to pay homage to President Fidel Castro, the workers brigades, and the people in general for the courage and stalwart behavior demonstrated during the street riots of 5 August in Havana.

Finance Minister on Taxes, Budget Plans

95CA0058A Havana GRANMA in Spanish 22 Nov 94 pp 4-6

[Report on interview with Finance and Prices Minister Jose Luis Rodriguez by Susana Lee; place and date not given; quotation marks as published]

[FBIS Translated Text] Favorable execution of the state budget and the good probability that the year will end with a deficit reduction greater than planned, success in reducing subsidized losses in the enterprises, and the positive results of implementation of the first measures adopted to reduce the amount of money in circulation are signs that the phase of financial and monetary recovery so urgently needed by the Cuban economy has gotten underway.

But those are just the first indications of trends being monitored and controlled very closely to guard what is being achieved, consolidate it, and determine what new measures must be adopted in keeping with the country's needs and dynamics.

For that reason, and in order to evaluate the entire process begun this year with a view to balancing our domestic finances, GRANMA interviewed Jose Luis Rodriguez, minister of finance and prices. Another purpose is to learn what phase we are in and what plans his organization has in the pipeline as we approach 1995.

Because one of the main elements of the decision adopted by the National Assembly last 2 May calls for pursuing a policy to reduce the budget deficit, the first part of our conversation focused on that topic:

[Rodriguez] "The deficit had been increasing until 1993. In 1992 it totaled some 4.8 billion pesos, and in 1993 it was up to 5.05 billion pesos by the time the budget year ended. In drawing up the budget for 1994, it was decided to reduce as drastically as possible those items having the greatest effect on the deficit and to begin with subsidized losses in the enterprises, which have reached figures in the millions in recent years for objective and subjective reasons.

"Discussions were held with the organizations most responsible for the large subsidies. Over 50 percent of them were concentrated in the Ministries of Agriculture [Minagri] and Sugar Industry [Minaz] , and another sizable percentage was accounted for by the Ministry of Basic Industries. All of them were asked to take steps to reduce their subsidies, and we eventually arrived at

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figures far below those of the previous year, with the result that we came up with a total planned reduction of around 40 percent for 1994.

"In the case of Minaz and Minagri, the amount of subsidy that would have to be continued was broken out—since eliminating it all in one year was impossible—and listed separately from what would be the state's economic aid to the UBPC's [Basic Cooperative Production Units], since neither could it be hoped that all of the latter would show a profit in their first year of existence. It is a good for people to know that from the moment they were established, the UBPC's were told that they should draw up a plan for reducing their lack of profitability or, if they were making a profit, for increasing those profits. They therefore prepared their plans with a view to being profitable within three years or, in the case of complex crops or activities, five years."

The minister explained in detail the careful analysis that was made almost on an enterprise-by-enterprise basis in the case of subsidized losses and, in the case of state aid, on a UBPC-by-UBPC basis.

Concerning the latter, he pointed out that there are still aspects to be stressed and worked on because it was determined, in discussions with the rank and file in various provinces, that even UBPC's with scheduled losses can achieve significant favorable results if they work eight hours and plant all the land assigned to their main crops and if most of their personnel are assigned directly to those crops. But if the opposite happens, and this was so in some cases—if the scheduled basic activity is not carried out, if people work only four or five hours a day, and if most of the personnel and funds are devoted, for example, to production for home consumption—it is very difficult for a UBPC to be profitable.

Rodriguez explained that in any case, it must be said that in general, the plans established for reducing subsidies this year have been fulfilled and much of the credit goes to the work that has been done in the agricultural sector despite the well known difficulties with the harvest and the fact that this has been a year of problems with the weather for crops other than sugarcane.

We feel, he said, that when the year ends, and even though the sugar industry is going to show a bigger loss than planned, the results will be better than in 1993 for the CAI's [agroindustrial complexes] and UBPC's combined. In the rest of the economy, and especially in the local enterprises, the reduction in planned subsidies for losses has been going very well.

The minister of finance and prices provided a great many details concerning the execution of the budget. A linear method is being followed in which systematic analysis is being improved both at the central and at the territorial level. By September, 75 percent of the year's income and expense should have been completed, meaning that the budget should also have been executed to that same extent.

As of that month, total income came to 96.7 percent of the planned amount for that date, total expenditures amounted to 68.3 percent, and the deficit was far below the planned amount for that date.

In other words, although it appears that subsidized losses will be very close to the planned amount when the year ends—or perhaps somewhat higher (and even so, it is worth emphasizing that the planned figure is approximately 40 percent less than in 1993)—the higher income resulting from the new measures means that by all indications, reduction of the budget deficit, which had been estimated at around 35 percent of the actual figure for 1993, has a good chance of being achieved and even overachieved. (Decree-Law 148, which established this year's State Budget, sets a deficit figure of 3,249.4 million pesos.)

Jose Luis emphasized that the result, if things continue the way they are going now, is that we will be carrying out one of the basic decisions—the first—in the program of measures adopted by the National Assembly last May.

Mention can be made of the effect on this process of all the measures implemented since May with a view to straightening out domestic finances, and it is logical to do so, since they are not isolated measures, but it should be pointed out that up until May, as a result of all that had been done in that respect, execution of the state budget had also followed the plan closely. And a lot of the credit for that goes to the month-to-month control exercised over everything in every territory.

Jose Luis Rodriguez agreed, saying: "I would say that the situation is favorable, although we are still unable to crow—far from it—that we have overcome the situation with the budget deficit. But what has been achieved shows us that it is possible to reduce the deficit and puts us on the path toward fulfilling the directive we have for preparing the 1995 budget. That directive calls for reducing this year's planned deficit by a further 40 or 50 percent (in absolute figures, that would mean working to achieve a maximum deficit of 1.6 billion pesos), and we think it is possible to achieve that."

We asked: What about reducing subsidies to zero by 1996? What is a tolerable deficit figure from the standpoint of making the economy manageable?

"That is a laudable objective, and I know that it is being forcefully suggested in some organizations because they are in a position to achieve it," he said, "but it strikes me as very rigid to put the matter in those terms. It would be risky on our part to say something like that, at least if we applied it equally to all sectors. The intention exists to reduce losses to a minimum, and the quicker the better. However, we know that the sugar growing sector, for example, will be slow in recovering. There are complicated situations, and they must be granted time to work themselves out: three years and in some cases five. It must be realized that agriculture is one of the most complex areas to manage all over the world, and we

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cannot get around the fact that the developed countries have subsidized agriculture. There are many factors that man cannot control—there is more to it than determination and money.

"Here, for example, we are influenced by an unstable tropical climate, a labor force that is scarce and scattered, and subjective obstacles which we must overcome but which carry a lot of weight. I hope we will succeed within two years, but I believe it is not realistic to say absolutely that there will be no need for any subsidies for agriculture, including sugarcane, in 1996. What we must do is work toward that goal and reduce the subsidies to the necessary minimum as quickly as possible and eliminate them wherever possible.

"Financially speaking, a state should not have a budget deficit—that is the ideal. But nowadays there is much debate in the world on that subject. The extent to which a deficit is acceptable is one of the most overworked subjects in international debates. I think that one economy may develop favorably with a certain deficit level while another will develop unfavorably with a surplus, because it all depends on how the funds are used, since the budget is not everything. It is a financial reflection of reality, but it does not always correspond to an appropriate line of development.

"There are countries that have managed to eliminate their budget deficit by adopting a neoliberal model, but doing so has not caused them to grow. The one does not necessarily follow from the other, although they are related.

"Our goal is to have a financially sound budget, but we do not think that that alone is going to solve our problem; others need to be solved, and doing so depends on straightening out the budget problem. That is a prerequisite without which it is very difficult for money to have value: for the incentive to work to be effective. There is no doubt that working in terms of an economy with a deficit of 5 billion pesos is different from working in one with a deficit of 3.2 billion or 1.6 billion pesos, because that additional expense—which the state is spending over and above its income—is very much smaller [in the latter case], and this makes the situation more manageable. So how high can it be? It depends on the country's real productive possibilities.

"Because, let us say, if we wanted to reduce the budget deficit to zero next year, we would have to talk about drastically reducing current wages and costs. That, in our socialist social system, is unthinkable. Others have done it, but here we have not even considered following that course of action," he said.

Tax Law Being Implemented Gradually

The first thing the minister wanted to clarify was that the law passed by the National Assembly in August would be implemented gradually.

The fact is that there are still many doubts about when this or that tax will be paid, how it will be paid, and how much will be paid.

In general, Jose Luis explained, implementation of the basic changes will begin this 1 January and continue throughout 1995.

As will be remembered, Law No. 73 on the tax system established 11 taxes, one contribution, and three fees, of which only two kinds of taxes (on certain personal incomes and on documents) and two kinds of fees (for airport passenger services and the placing of announcements and commercial advertisements) took effect last 1 October. The rest will take effect sometime during 1995.

Attention should be drawn to the special situation affecting taxes on profits and on the use of manpower, which will take effect gradually, and the special tax on products and sales, which will replace the current tax on circulation when economic conditions make it advisable.

That being said, we asked the minister to expand on the way in which implementation of the law is being planned, especially as regards those cases that have caused the most concern.

Personal income tax: At this stage, it is basically a matter of taxing the personal incomes of self-employed workers (TCP's), first by confirming the taxes that have been collected at a fixed rate (a rate subject to upward revision at the discretion of the municipalities) and then by enforcing the provisions of the law, which calls for a progressive scale based on income level. Work is underway to begin implementation, if possible, at the end of the year, since doing so will require a sworn return and other documents that are not yet ready.

The fixed rates, he said, will continue to apply to estimated payments of the tax. In other words, a TCP pays a fixed amount every month, and at yearend he files a sworn return regarding his income. If the amount due agrees with the amount paid during the year, he does not have to pay anything additional. If he paid less than the amount due under the new tax schedule, he pays the difference, and if he paid more, the difference is deducted from his taxes for the following year. This method was adopted in order to take advantage of the previous system and gradually introduce the principle that the higher one's income, the higher one's taxes. Given the circumstances, it is most likely that the new system will be completely in use next year.

This is where new situations will begin to arise—for example, the case in which the one filing a sworn return is found, by appraisal or inspection, to have misstated his actual income (as determined on the basis of lifestyle, goods acquired, and so on). In those cases, there will be a tax audit resulting possibly in the payment of more tax.

Work has also been done on the tax on personal income received in the form of foreign currency, which applies to sectors authorized to be paid in foreign currency because

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of the nature of their activities. They will have to pay their tax in foreign currency at the prescribed rate. This applies to workers at the Guantanamo Naval Base, who are paid in dollars, and to employees of the Ministry of Culture who are authorized to be paid in foreign currency either in this country or abroad, as stipulated in Decision 61 dated 1993 of the Ministry of Culture. The details are being worked out with a view to implementing this tax before the end of the year; other cases are under study.

The new tax on documents has been in effect since 1 October. In this case there have been a few difficulties in connection with the printing and distribution of what are known as tax stamps, but generally speaking, they have been introduced. The same is not true of taxes on other kinds of documents—those concerned with emigration procedures, for example, which must be paid in foreign exchange and which therefore require other mechanisms that it will take a little longer to introduce completely.

As regards the fees for airport services and commercial advertising, the final practical details are being worked out in preparation for beginning to collect them. They are not complicated.

Work is under way to regulate the other taxes, fees, and contributions decided on with a view to implementing them beginning in 1995. Some are more complex than others. A few, such as the tax on land transportation, already existed and have simply been increased; the land transportation tax in particular will become effective in the first quarter of next year, while others are awaiting new regulations that are currently being produced, one example being the tax on the transfer of assets and inheritances. The property tax will take time because the first step is to determine the taxable base—that is, the value of the homes, boats, and so on that are subject to that tax.

The tax on profits is one of the most complex because it involves rebates, exemptions, and special rules—in the case of agriculture and stockraising, for example—and work is under way in that connection and in connection with the tax on manpower, which requires definitions as to the potential, how it will be collected, and so on. As was stated above, those taxes will be introduced gradually.

The roads on which tolls will be collected have been selected, and they are closely linked to the objectives of tourism and other objectives. The regulations governing tolls are currently being worked out.

Concerning the social security contribution, discussions have been held with the workers concerning the need for such a measure, and there is consensus on the matter. It is a question of seeing the issue in perspective, because this is an expenditure that will continue to rise, and the contribution by the firms—12 percent of the amount on the paycheck—is insufficient, and the difference that has to be made up from the state budget is growing every year.

The overwhelming majority of the workers are willing to contribute to the payment of that expense, but this does not rule out the possibility of an increase in the percentage paid by employers, since any solution involving a reduction in pensions and retirement pay is unthinkable.

So far nothing has been settled; studies are still underway to determine whether the contribution will be at a fixed rate or on a sliding scale based on the individual's income and whether there should be exemptions for certain wage categories or, on the hand, everyone should pay, but at lower rates. In other words, we are in the process of examining all variations. What does exist is the decision that workers' contributions to social security must be increased in some proportion to the pay they receive if we want to preserve the benefits of this system.

Farm Products Market: Tax Payment at Start of Sale

Interestingly, a month has passed since the start of the market in farm products, and opinions are still being expressed regarding the "unfairness" of having to pay the tax on products that are going to be placed on sale before the sale begins rather than at the end and on the basis of "the value of what was actually sold."

From the standpoint of those who sell, there is some logic to that, since they want to earn more, so they have some justification, but what about those who buy? We asked the minister for his opinion.

The purpose of the tax, he said, is not essentially to collect money but to ensure participation in the market by everyone who has something to offer by regulating their income. And the purpose in paying the tax at the start is to help ensure that prices are carefully calculated. Someone who shows up in the market with an unrealistic price—whether that be a state enterprise or an individual, but especially so in the case of the former—is forced by this tax to calculate his price more carefully. He must study the market and seek a reasonable profit. We must get used to the idea that not everything can be sold at just any price.

The tax, he added, must therefore help ensure that prices are not set excessively high but made appropriate and realistic, thus ensuring the seller a profit. It plays a regulatory role and encourages lower prices. Obviously, these taxes are subject to analysis, and we are monitoring their behavior as well as the behavior of the entire market so as to make the necessary adjustments at the proper time.

Sales in one month have totaled over 130 million pesos, with taxes totaling 10 million pesos. Financially speaking, part of that is taken out of circulation, and some is redistributed. Jose Luis explains:

"It's this way: aside from the taxes that go almost entirely into the budget, one portion also goes to the state as a result of sales by the enterprises and even the UBPC's, since the former are thus able reduce their

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subsidies and the latter are able to pay off their debts. The other portion—the amount generated by sales by private parties, who would then have higher incomes as the fruit of their labor—is the part that will be regulated in the future through taxation."

While not exhausting the subject of taxes, the minister of finance and prices concluded his remarks on the subject by emphasizing that although there has been progress in people's thinking on taxes, we are still a very long way from understanding what the payment of taxes means. Many people continue to view it as a penalty, and they do not see it as a matter of helping the state pay costs that it is no longer in a position to meet as it did in the past.

Until now, he emphasized, the state alone has paid the entire cost of health, education, free services, subsidies on products and services in order to keep their prices low, and social security. Now that is no longer possible, and every citizen has a duty to contribute, especially in view of the millions that the state has invested over the years in the economy, the education of individuals, health, other services, and housing without taxing the population.

In terms of collection, however, it must be kept in mind that from the standpoint of removing money from circulation, what the law as approved will be able to provide when in full operation is 500 million pesos per year. Because of that, the thing that should be emphasized most is its role as a regulator of economic mechanisms, the movement of manpower, resources, and the quality of products to ensure that they can be sold—and this is the most important thing.

Reducing Monetary Liquidity: Good Signs

We discussed many other topics during our talk with Jose Luis Rodriguez: the situation with accounts receivable and payable, which have been a problem area all year but which it is a complicated matter to straighten out because of the prevailing indiscipline in that area; auditing, which is still not regarded as an essential control mechanism either for accounting or for the entire movement of financial, material, and other resources and which needs to be assigned greater importance; accounting; self-employment, which is continuing to increase (in August there were over 162,000 people authorized to work for themselves, and they paid taxes totaling 52 million pesos) and will probably increase even more; profiteers (of the 472 cases investigated as of 31 October, 413 had resulted in indictments, with 191 being handled by the Ministry of Finance and 119 seizures being ordered); and other subjects which, because of space limitations, we can only mention here and save for future reports.

One of them, however, is a fundamental topic in an interview with the minister of finance and prices. How is the domestic financial reorganization going?

"Let us mention a few figures that are necessary in examining this topic. The year 1993 ended with monetary liquidity totaling 11.044 billion pesos. Five months later (on 31 May), it was up to 11.896 billion pesos, of which 4,819.3 million were in the hands of the public and 7,076.7 million were in savings accounts. The measures adopted solely in the area of price and fee increases and remaining in effect from last 1 June through the end of the year are expected to reduce that by some 1,852 million pesos.

"Between June and 31 October, liquidity declined to 10,266.2 million pesos. In other words, 1,629.8 million pesos were withdrawn from circulation in five months' time: 1,010.9 million from the hands of the public and 618.9 million from savings accounts.

"The bulk of that amount came primarily from the deregulated sale of cigars, which soared in June with sales averaging 8 million pesos per day and then, after dropping to 6 million pesos per day in July and August, stabilized at 6 million pesos in September, although another decline is noted in October.

"Naturally, spending has shifted to other consumption items during these past few months as a result of increases in the price of transportation and electricity rates (which took effect in October), those being the basic items because the rest of it, such as the elimination of free services, is having a minor impact. And also, since October, we cannot ignore the effect of the farm products market."

As you can see, the minister said, the measures adopted are already having definite results enabling us to foresee a slightly faster decline in the amount of excess money in circulation than we had originally expected. It is possible that we will reach the end of the year with a figure of from 9.6 billion to 9.8 billion pesos.

That balance, resulting from the combined effects of all the measures adopted, is already causing reactions favorable to the achievement of their objectives, he emphasized, citing as examples the appearance of applications for previously unwanted jobs, lower prices on the black market—a trend that has grown stronger since the farm products market was established—the gradually rising value of the peso in terms of the dollar, and so on. Those are all indications that a financial readjustment is occurring. It will have to be closely monitored to ensure its success. The fact is that people are seeking to earn their income or increase their income through socially useful work.

But let no one be mistaken, he warned, because the problem has not been solved; there is still strong pressure from the excess money in circulation. But these positive signs cannot be ignored, either, and we must examine them cautiously in the light of all the measures still to be implemented for the purpose of bringing monetary liquidity down to those manageable levels in the economy. Based on the population's income, the appropriate level has been calculated at around 3.5 billion pesos, including both money in circulation and savings.

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Jose Luis stressed that none of the decisions aimed at promoting equilibrium in domestic finance can be regarded as isolated from those being adopted in the economy as a whole, since everything that is being done is aimed at economic recovery: the reactivation of production and services for the good of the country and the population.

That is why the measures which are being implemented and which are providing the population with additional supplies—even though at premium prices, as for example in the farm products market or the next market that will begin operating (industrial and handcrafted products)—are being well received and making up for other measures involving a price rise or a tax. They are also stimulating production and improving skills and, consequently, the quality of the products offered, while at the same time contributing to a reduction in prices.

What this means, Jose Luis said, is that we are in a more favorable position, and although it cannot be said that the overall economy as such has begun to recover, it must be pointed out that the decline lasting until summer of this year has been halted. For example, there was physical growth in 18 of the 21 industrial branches during the first nine months of 1994—in comparison, of course, with 1993, which was a year of maximum depression, but all the same, it indicates a change from what had been happening. Selected sectors have been assigned priority because of their influence on the earning of foreign exchange, and they have been guaranteed funds and made the object of incentive systems. They are making an encouraging response. It is still insufficient, but all of this reflects a favorable trend that we must strengthen so that it will be irreversible.

One Last Point: Imminent Plans

For the Ministry of Finance and Prices, the phase that has just passed and the one to come are challenges because of the substantial changes which the government leadership has ordered the ministry to make in its activities.

At the moment, the minister said, we are concluding one of the first phases—involving the initial implementation of a series of measures concerned with the budget, the reorganization of domestic finances, the designing of a tax system whose implementation is beginning, and a reorganization of prices in order to resume the reform previously begun and lead it through the channels and conditions most appropriate at this moment.

And all of that, he added, is being combined with the increased importance assigned to auditing, a new updating of the accounting system, the systematization of price inspection, and the introduction of strict financial discipline, without leniency and in an orderly manner but without taking a single step backward.

Concerning that last-named subject, which is unavoidable in order to accomplish the missions assigned to us, we have adopted tough measures against those who violate the rules because this is a matter of complying with the law—of enforcing the rules as they stand—and in so doing we have the full authority and support of the government.

I believe that the ministry is being completely transformed; we are creating a new structure in the midst of all these tasks—one that will be simpler despite its increased duties—because besides recommending policies to the government in the sphere of finance and prices, the ministry has very strong regulatory functions.

In the immediate future, he announced, we will also be working on preparation of the 1995 budget (which involves an extensive program of consultations and agreements both nationally and at the territorial level), the drawing up of a draft decree for punishing violations of the country's monetary and financial policy (including a provision for failure to enforce accounts payable and receivable that will be directed not against the enterprises but against the people responsible for handling those accounts), the establishment of a tax administration system that will probably include tax audits to verify the payment of taxes, the organization of a National Audit Office whose activity will be backed by a decree-law that is now in the process of being approved, a strengthening of accounting activity (which is now governed by a simplified and flexible system comparable to that used internationally), and the implementation of numerous regulations to supplement laws and decrees that have been issued—to mention only our most important tasks.

If we look at all that and compare it to a year ago, it may seem that a lot has been done, he reflected, but actually we have only started. I would say to you that we are laying the foundations for a financial system appropriate to the new circumstances being experienced by our country, but without slowing the pace of what is being achieved, and while constantly examining new measures that should be proposed in keeping with the country's dynamics.

As a conclusion to our interview, we asked Jose Luis about personal matters, thinking a little about his previous life as a professor and researcher and a doctor of economic sciences immersed in an academic career.

"Well, it has been a year of activity very different from the life I led before. I cannot tell you that this special field was completely unfamiliar to me. I started working after the revolution as an office boy and then went in accounting as a junior accountant, an accountant, and a planner—in other words, I have had experience with everything from an office to a ministry. I graduated with a degree in economics from the University of Havana in 1969, spent 13 years in academic tasks on the Hill itself, and then went into economic research, but always in connection with the Cuban economy. All of that is making my job easier now, especially when it comes to explaining matters this complex in my frequent contacts

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with workers, businessmen, officials, and cadres, a task that I consider very important in my job.

"It is a highly technical job with much more responsibility, and I am doing it at a crucial stage. It is also creative in that one must be very sure of what one is doing and recommending because of one's knowledge of what the country is risking.

"I am not going to tell you that I am completely satisfied, because I am not, but I believe that the phase of straightening out the country's financial and monetary situation has begun, and what we have to do now is see that each of the steps we take is irreversible, that new habits of work are established, that there comes to be a real awareness that the state's money cannot be spent freely, that every centavo must be saved, that the measures adopted must be carried out, and that discipline cannot be violated. Those are the things that we must strengthen. I can tell you that I feel very motivated to work and very honored by the confidence that our party and our government have placed in the ministry that I happen to head.

"I believe that there can be no greater incentive for a revolutionary in these difficult times than to have the opportunity to struggle for the well-being of our people, and I have had the honor of being able to make my contribution in this crucial battle."

Haiti

Military Personnel Demand Pension Refunds

FL2212230294 Port-au-Prince Tropic FM in French 1700 GMT 22 Dec 94

[FBIS Translated Excerpt] About 1,000 Haitian military personnel protested in the backyard of Haitian Armed Forces [FADH] Headquarters on 21 December to demand pension refunds. They say they want to leave the Army before they are dismissed:

[Begin unidentified speaker recording, in Creole] Do you understand what I am saying? I have worked for the Army for 10 years. I do not want to work for the Army anymore. I do not want to be a soldier anymore. I will go home after they return my 10 years of contributions to the pension fund. [passage omitted] [end recording]

[Tropic FM adds during the same newscast: "Prime Minister Smarck Michel wrote the finance minister on 17 December to report that only 1,500 Haitian Army personnel will receive their December pay. A copy of the letter has been sent to the Haitian Armed Forces General Command. The General Staff Secretariat reports that measures are being taken to ensure that the cases of all of that institution's personnel are considered in accordance with legal provisions governing state service agents."]

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Events, Statements Related to Chiapas Crisis Reported

Troops Dispatched to Northern Chiapas

PA2212221794 Mexico City EL FINANCIERO in Spanish 21 Dec 94 p 49

[Report by correspondent Rodulfo Reyes]

[FBIS Translated Text] Villahermosa, Tabasco, 20 Dec—The state government today confirmed the presence of Zapatist National Liberation Army [EZLN] troops in the municipality of Tacotalpa, located in the Tabasco mountain region. Early in the morning of 19 December, Chiapas guerrillas occupied for several hours a farm located on the border between Tabasco and Chiapas.

According to unofficial information provided by the Attorney General's Office (PGR) and the State Judicial Police (PJE), some 100 EZLN rebels peacefully occupied a farm in the municipality of Tacotalpa, located on the border with Chiapas. In the afternoon of 19 December, the rebels overran a farm owned by Carlos Witt Torres and "seized" cattle. Although the owner is a resident of Tapijulapa, Tactalpa, in Tabasco, the property is located on the Chiapas side of the border.

The towns neighboring the municipal capital of Tacotalpa are located in the Tabasco mountain area and border Chiapas. A special PJE unit under the command of PJE Director Jaime Arjona Perez has been deployed to the area.

Government Under Secretary Adan Augusto Lopez confirmed this morning that Chiapas guerrillas have been detected in the Tabasco mountain area, but only on the Chiapas side. Lopez said that, so far, the state government has not planned any operation to defend its territory, but he added that, if the rebels enter Tabasco territory, state authorities will take appropriate steps.

Tabasco Soldiers to Chiapas

Some 2,000 Mexican Army soldiers from the 30th Military Zone headquartered in Villahermosa left yesterday for the zone of conflict in Chiapas.

This morning at this city's international airport, more combat reinforcements from the National Defense Secretariat arrived. The mobilization of PGR agents in helicopters also was evident. It was reported that federal troops were leaving from Villahermosa. These troops will be responsible for cutting off the possible deployment of rebels into the northern area of Chiapas.

A large mobilization in the Tabasco municipality of Tenosique, some 200 km south of Villahermosa, also was reported. The 32d Military Zone, which was created as a result of the 1 January armed uprising in Chiapas, is headquartered there.

Tenosique borders on Guatemala. In addition to reports of incursions by Chiapas or Guatemalan guerrillas, there have been reports concerning the presence of Guatemalan Army Kaibiles [Guatemalan troops specializing in counterinsurgency actions] in this region.

In July 1992, Guatemalan soldiers abducted a Tabasco citizen in Tenosique. The victim's family went to the Public Prosecutor's Office to press charges against officers of the Guatemalan Army. The Mexican farmer is still missing, and the Mexican Government has remained silent.

More Than 400 Soldiers Airlifted

PA2312045094 Mexico City REFORMA in Spanish 22 Dec 94 p 3A

[Report by Georgina Solis and Carlos Mari]

[FBIS Translated Text] More than 400 soldiers of the 7th Military Zone left yesterday from the North Airport in Monterrey, Nuevo Leon State, for Chiapas, aboard at least three National Defense Secretariat [Sedena] flights.

In the morning, two flights landed in Villahermosa, Tabasco State, and a third arrived in the night, reportedly transporting 96 Army soldiers each. These forces joined with those that arrived on the two Hercules airplanes that landed on Monday and Tuesday in Villahermosa to be deployed in Palenque, Chiapas. It was confirmed that yesterday's three flights came from Monterrey.

Around 100 soldiers left at 1340 from Monterrey aboard a Boeing 727 airplane of the Mexican Air Force with the registration letters XC-FAY. Another contingent of about 100 soldiers waited at the airport hangars for another plane to take them. At 1910, a cargo plane landed at the airport and close to 100 soldiers of the 7th Military Zone boarded it.

It was unofficially reported that two contingents of approximately 100 soldiers each left in the early morning hours yesterday. Each flight carried approximately 100 soldiers and took off at different times in the early morning hours.

In the Federal District last night, military vehicles were seen for two hours arriving at the Pantaco Railroad Cargo Terminal headed for Cuitlahuac. Armored personnel carriers, transportation vehicles, tractor trailers, food supplies, and Army personnel were sent from this point to a unconfirmed location in the country.

The Army vehicles and personnel arrived in groups at this cargo terminal within 10 to 15 minutes of each other. In just 30 minutes, at least 200 Army soldiers were brought to the Pantaco terminal on their way, it was unofficially stated, to Chiapas. Members of the Military Police guarded the terminal for more than two hours, and different military vehicles were constantly patrolling it.

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Some soldiers said farewell to their relatives at the Regiomontano Airport and wished them a Merry Christmas. The mother of one of the soldiers said she still did not know whether the soldiers of the 7th Military Zone will spend three or six months there.

Each soldier was carrying his weapons and a duffle bag in which he carried an extra uniform, underwear, a blanket, and a coat. Besides yesterday's first two flights in the early morning hours, which were unofficially reported, the two contingents of approximately 200 men stayed at the airport installations for the entire day.

Army in Search of Zapatists

PA2312043494 Mexico City Radio ACIR Network in Spanish 0000 GMT 23 Dec 94

[Report by Javier Cruz de la Fuente in San Cristobal de las Casas, Chiapas State, with remarks by announcer Jose Cardenas; from the "Evening News Panorama" newscast]

[FBIS Translated Text] [Cruz] This is this afternoon's report from Chiapas State. Governor Eduardo Robledo Rincon said this morning: Chiapas is one, and even with our differences, we are going to keep it united because the most important thing is peace, and all of us are committed to it. He said this when receiving at the Government Palace members of the PRI [Institutional Revolutionary Party] sector and territorial organizations, Chiapas PRI section members, and Chiapas PRI President (Placido Humberto Baules Vazquez), who added that Chiapas is above our differences or individual [word indistinct] and others.

Robledo Rincon called for the resolution of differences through intelligence, political means, and dialogue: We are the ones with the obligation to build all the bridges we need to build. If they are destroyed, we are obliged to rebuild them so that impatience does not take over.

After overflying the municipalities of Tila, Sabanilla, Yajalon, Tumbala, Sitala, and others, Chiapas Justice Prosecutor Jorge Hernandez Aguilar said: The roadblocks on federal highways and secondary roads will not hurt the Chiapas Government or the administration of Eduardo Robledo Rincon, but it does cause uneasiness and serious problems for the population, mainly the poorest who have no other option than to walk these roads.

Yajalon Mayor (Jorge Utrides Robles) denied rumors on the presence of alleged Zapatists in Yajalon and gave assurances that everything is normal there and the area continues to produce large amounts of coffee, even at this time of the year. Interviewed by local and international journalists who overflew municipalities in the northern part of the state, (Jorge Utrides Robles) said that it is not true that there are Zapatists in this area.

This afternoon's great military deployment was bound for San Andres Larrainzar, an Indian municipality in the Chiapas highlands. This mobilization has caused mush uncertainty among villagers. This military deployment, however, is to repair the huge ditches made by the groups that caused fear a few hours ago in this part of the state.

[Cardenas] We have reports that over 1,000 Mexican Army soldiers, with tanks, armored personnel carriers, and machine guns, entered today in the area you mention—Larrainzar—and are headed into the mountains through paths leading to Bochil, in search of Zapatists. It has also been mentioned that Federal Army troops, for the time being, are removing obstacles on the road, cutting trees that are blocking paths, and dispersing in 10-men columns to the sides of the roads headed into the mountains in search of EZLN [Zapatist Army of National Liberation] troops who yesterday claimed all this territory as theirs.

[Cruz] This is the case in Margarita, Chiapas, where there was a great military deployment this afternoon. We have just been talking here in San Cristobal de las Casas with General Nicabarno Daniel, of the Mexican Army and he has explained that they are clearing roadblocks and also checking the true situation in upper Chiapas State.

Zedillo on New Representative to Talks

PA2212133594 Mexico City NOTIMEX in Spanish 1026 GMT 22 Dec 94

[FBIS Translated Excerpt] Mexico City, 22 Dec (NOTIMEX)—The Mexican Government, in a new effort to reach peace in Chiapas, has called on the National Mediation Commission (Conai), headed by Bishop Samuel Ruiz, to promote a rapprochement with the armed group that is active in that state.

President Ernesto Zedillo made the call yesterday after the Zapatist National Liberation Army (EZLN) rejected on Monday his proposal to create a commission of legislators to mediate between the government and the armed group.

"If the EZLN believes Conai can facilitate a first step toward dialogue, I invite the members of Conai to become the first link between the legislators' Mediation Commission and the EZLN itself," Zedillo said. [passage omitted]

Speaking during the 1994 Juan F. Noyola National Economic Policy Awards ceremony, Zedillo, who was sworn in president on 1 December for the 1994-2000 term, announced the upcoming appointment of a government representative who will hold a dialogue with the armed group.

"There will be a government representative who will first link up with the Commission for Dialogue and Mediation of Peace (made up of legislators) and who will subsequently hold direct talks with the EZLN," the president said.

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The president, who has reiterated the need to search for a peaceful solution, said the commission of legislators, which will be autonomous, "does not nullify or obstruct the efforts other institutions might make for dialogue and peace."

"My position that the solution to the conflict in Chiapas will be found only through dialogue, negotiation, and respectful understanding remains unchanged," Zedillo said.

Bishop Ruiz, the president of Conai, said the entity would agree to a dialogue with the commission of legislators if the armed group approves the government's proposal.

"If the EZLN accepts this methodology, we will go there if required," Ruiz said in San Cristobal de Las Casas, a city in Chiapas located 1,200 km southeast of Mexico City, for which he is bishop.

The religious leader said that at any rate Conai is present in the peace process with a participation that does not directly depend on "accepted mediation" but on the goal of attaining peace in Chiapas.

Ruiz said he will continue the fast he began on Monday night until peace is attained and a well-established cease-fire is in place. [passage omitted]

Tabasco Transition To Proceed Unaltered

PA2212150094 Mexico City NOTIMEX in Spanish 2157 GMT 21 Dec 94

[FBIS Translated Text] Villahermosa, 21 Dec (NOTIMEX)—The governor-elect of Tabasco, Roberto Madrazo Pintado, will take office as governor as established by law. The transition of power will not be altered in any way.

Feliciano Calzada Padron, coordinator of the government's mediating commission which is just beginning its work, said that post-election conflicts in Tabasco will not disrupt the transition of power. The blockade of oil installations by militants from the Party of the Democratic Revolution (PRD), allegedly over electoral fraud, "is a double incongruity" since they cannot prove what they say, Calzada Padron said. He pointed out that the transition of power is already in progress because, together with his colleague former Governor Enrique Priego Oropeza, a review of the priority issues to be faced in early 1995 has begun.

The blocking of installations of state-owned Mexican Petroleum (Pemex) began 7 December as part of a demand for cleaning up the electoral process. It has spread to 17 plants.

Calzada Padron mentioned that the current problem will not prevent Madrazo Pintado from taking power, since that has been decided by the citizenry with its votes within the framework of the law. In the gubernatorial election on 20 November, Madrazo Pintado of the Institutional Revovutionary Party won 56.8 percent of the vote, while his rival Andres Lopez of the PRD received only 36.7 percent of vote.

PRD Senators Join Hunger Strike

PA2212150894 Mexico City NOTIMEX in Spanish 2217 GMT 21 Dec 94

[FBIS Translated Text] Mexico City, 21 Dec (NOTIMEX)—Today senators from the Party of the Democratic Revolution (PRD), began a 24-hour hunger strike demanding a resumption of the dialogue to solve the armed conflict in the southeastern state of Chiapas.

Sitting on the Senate's central patio, Legislators Hector Sanchez Lopez, Felix Salgado, Irma Serrano Castro, Herberto Castillo Martinez, and Guillermo del Rio Ortegon initiated their hunger strike. The goal of the hunger strike is to "call society as a whole's attention to the urgent need to establish dialogue for peace," in this body, Sanchez Lopez told the press. "The nation's situation, and specifically that of Chiapas, require serious and tenacious dialogue with flexible and well considered" positions, he stated.

Humberto Roque Villanueva, president of the Chamber of Deputies Grand Commission, reiterated that "all Mexicans demand that now, after a year of conflict, this must be solved." He indicated that in a few hours he might be meeting with members of the legislative commission in which the first step would be "to work united and within the institution; this would even include the media."

The opposition legislators' hunger strike joins the one initiated on Monday by Bishop Samuel Ruiz in San Cristobal de las Casas. Ruiz was a mediator in the dialogue that led the government to declare a unilateral cease-fire in the area. Ruiz is on an indefinite hunger strike, demanding that the armed group and the authorities engage in a dialogue that would help secure a fair and lasting peace in Chiapas.

On Tuesday, actress Ofelia Medina and five representatives of various organizations began a hunger strike, demanding recognition of the National Mediation Commission's work, the initiation of dialogue, and that there be no provocations from either side. "We made this decision because we have tried everything else, and there has been no response. Besides, we are living in a war situation, in which the facts are really complete disinformation," the actress said.

Government Sets Measures for Exchange Rate

PA2212142594 Mexico City XEW Television Network in Spanish 0430 GMT 22 Dec 94

[News bulletin issued by the Labor, Peasant, Business, Federal Government, and Bank of Mexico sectors in Mexico City on 21 December; from the "24 Hours" newscast]

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[FBIS Translated Text] The labor, peasant, business, federal government, and Bank of Mexico sectors met today to evaluate, as part of the Pact for Well-Being, Stability, and Growth, the recent evolution of financial markets. As a result of this analysis, the parties concluded that the measure adopted on 20 December expanding the exchange band by 53 cents or 0.53 new pesos did not stop the speculative process unleashed on the financial markets.

Consequently, financial authorities have decided to allow supply and demand of currency to freely determine the exchange rate until the foreign exchange market stabilizes. The sectors listed above agree with this decision.

In order for said measure not to affect the stabilization process, the signatories of the Pact agree:

1. For the next 60 days, there will no changes in the prices of public and private goods. Therefore, authorities will implement the recommendations on the salary policy made on 24 September and the provisions approved on 20 December 1994 by the National Commission on Minimum Wages. This means that there will be a 7 percent increase in minimum wages, which will be supplemented by a fiscal bonus equal to 3 percent of the minimum wages prevailing in 1994.

2. Within the aforesaid period, the signatories of the Pact will meet to study the conditions of the markets and determine the appropriate adjustments in keeping with the 24 September accords, as well as mechanisms for promoting the development of companies. Also during the aforementioned period, programs and actions serving the social, labor, and peasant sectors will be expedited.

The agreements reached within the Pact's framework reveal the commitment by the signatories of the Pact to continue to prioritize stability as an indispensable basis of sustainable development. The change in the foreign exchange rate will not cripple the determination to continue fighting inflation.

In order to support stabilization and growth, the federal government has adopted a program that includes, among others, the following measures:

1. Natural gas and fuel oil [combustoleo] will be supplied to industry within international competitive parameters.

2. Different transportation companies will be allowed to use the railways, and the railroad network will be expanded.

3. The right to install and operate terminals in ports and airports will be opened to bids, so as to fully decentralize the aforesaid facilities and privatized them within one year.

4. Changes in the social security system will be promoted to increase private savings and avoid distortions in labor costs incurred by companies.

5. Authorities will work so the federal reforms on regulation of cargo transportation and soil use will be extended to the state level.

6. Public finances will be maintained in balance. This will be achieved by the fact that using pesos to pay for debt servicing, as stated in foreign currency, will increase as much as will revenues for petroleum exports, also stated in pesos.

7. In order to prevent elements from excessively expanding the aggregate demand, the rapid growth of the credit of development banks will be kept under control.

In addition to the foregoing measures decreed by Mexican authorities to achieve stability and sustainable growth, authorities will count on the valuable support, agreed upon today, of reciprocal credit agreements with the U.S. Treasury Department and the Federal Reserve, totaling $6 billion, and with the Bank of Canada, totaling 1 billion Canadian dollars. This will be an extremely useful tool as available additional resources that can be used if necessary to maintain orderly conditions in the foreign exchange market.

Peso Devaluation Not To Affect Foreign Investment

PA2312044294 Mexico City REFORMA in Spanish 22 Dec 94 p 28A

[Report by Georgina Solis]

[FBIS Translated Text] Foreign Relations Secretary Jose Angel Gurria Ordonez yesterday ruled out the possibility of the devaluation of the peso having a negative impact on direct foreign investments and said that on the contrary, the devaluation will give confidence to the world as it is a corrective measure.

He added that the decision on the foreign exchange value was not made months before because the circumstances to do it did not exist then. Gurria also said that capital flights will be prevented insofar as investors have reliable information on what is going on here.

While Gurria was making these statements, the Mexican stock market yesterday registered foreign investment flights, which are called indirect flights because they are part of this market.

The German and British Embassies agreed with Gurria in that the devaluation will not have a negative impact on the direct investments of these countries in Mexico and in that the measure has failed to trigger apprehension.

German Embassy Counselor Miguel Berger pointed out that the Mexican Government must be more concerned about domestic capital, because it is the first to leave the country. "As the foreign investor arrives in Mexico, he is making mid- and long-term plans, and this measure was an expected correction. The peso had devalued since 1 January 1994, but what surprised us is that it was

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suddenly devalued. That is why we will remain alert for its effects," Berger underscored.

The diplomat also ruled out the possibility of a European investment flight, especially German investments, taking place.

Meanwhile, Michel John Holloway, UK Embassy media attache, said that what happened on 19 December in Chiapas and the 20 December devaluation will not make British companies already doing business in Mexico change their policies.

At a meeting with those reporters that cover the Foreign Secretariat, Secretary Gurria recognized that the international community is concerned about the latest events in Chiapas and that this is why the Secretariat, through the embassies and consulates, is reporting on the true scope of the problem.

"The important thing is to keep reminding the whole world that the most significant aspect of the Mexican social policies and substance is still intact. The country is moving forward despite the events that took place throughout the year," he assessed.

Holloway added that people abroad must know in what area the conflict is taking place. It is a conflict that was overblown at the beginning, but it has failed to change the most significant aspects of the country.

Both the German and British Embassies have advised tourists not to travel to the area of conflict.

Exchange Houses Run Out of Dollars as Peso Floats

PA2312031594 Mexico City Radio ACIR Network in Spanish 0000 GMT 23 Dec 94

[From the "Evening News Panorama" newscast]

[FBIS Translated Excerpt] [Announcer Alma Rosa Baez] Travelers at the Mexico City Airport became upset today when they learned they were unable to purchase dollars. The exchange houses and banks with offices at the airport closed for a brief while. This prompted grumbling among customers. They wanted to know what was going on, and they demanded that the government adopt a clear and decisive policy to prevent this situation from hurting the economy, people who need dollars, and, most of all, the country's image abroad.

[Unidentified announcer] As well as the credibility of the government.

[Baez] That is right. Elvia Moreno was at the Mexico City Airport early this morning and has all of the details:

[Begin Moreno recording] Since early this morning, dozens of travelers experienced anger and despair over the uncertainty that prevails in the exchange houses and banks following the federal government's decision to allow supply and demand to determine the price of the dollar. The dollar sold for four new pesos at banks and for five new pesos at exchange houses.

The confusion and despair of some travelers reached its peak at 0830 when banks stopped selling dollars until further notice on orders from their main offices. Some exchange houses did the same. People who had to go on business trips were upset, others were forced to miss their flights, and others chose to buy dollars abroad. [passage omitted]

The banks closed for 30 minutes only. Between 0900 and 1100, they began selling dollars. At 1100, they closed again for 20 minutes and... [end recording]

[Announcer] There was a break in Moreno's recording, but you get the idea. Rocio Correa is telling us here at the studios that the dollar was selling for as much as 10 pesos, or 9.80 pesos, along the border. Go ahead, Alma.

[Baez] The desperation to get dollars has even prompted attacks on exchange house personnel. After voicing dissatisfaction over the free exchange rate, people said they could not believe Mexico is going through a situation like this. In a visit to the Juarez neighborhood exchange houses, which, as you stated this morning, comprise the financial heart of our country, the edginess among the public and, in particular, businessmen was quick to be seen.

At 0900, when the exchange houses opened their doors, there were only a few customers, but 30 minutes later, those who wanted to purchase dollars discovered that the exchange rate was floating and that there was essentially nothing left to purchase.

Santiago Mancera Garcia, director of the Money Center exchange house, said the news came so unexpectedly that they were unable to take precautions. He also told us a secret. He told us whenever there is going to be a change in the exchange rate, the authorities advise the exchange houses or the Exchange House Association to allow them to take precautions. We understand this to mean the government advises them to save some dollars to wait and see what happens.

They were not advised and were unable to do anything. He said that as a result of this situation, some businesses were open but were not conducting any transactions. Here is an excerpt of his remarks.

[Begin Garcia recording] The current demand is... [pauses] Customers are adopting a wait-and-see position. They are waiting to see what will happen. We have nothing to buy or sell. We will continue to experience this problem until the National Bank of Mexico [Banamex] or the banks [words indistinct] we are going to work, and the people's confidence returns. For the time being, we have nothing to do. [end recording]

[Baez] At the closing of the business day, banks were selling the dollar at an average of 4.80 new pesos or 5 new pesos. This was the average. At exchange houses

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belonging to banks, the dollar sold at 5.50 new pesos. At one point, Banamex was selling the dollar for 6.10 new pesos and Bancomer [Bank of Commerce] was selling the dollar for 5.80 new pesos.

According to information supplied by the Bancomer Financial Group, demand has been moderate, but large companies are asking for more dollars to protect themselves and to make scheduled payments overseas. Businessmen, as well as the general public, are asking the government to pay greater attention to the exchange rate, because they think the current uncertainty surrounding the Mexican currency is dangerous. [passage omitted]

Chamber of Deputies Approves 1995 Revenue Law

PA2212003794 Mexico City NOTIMEX in Spanish 1937 GMT 20 Dec 94

[FBIS Translated Text] Mexico City, 20 Dec (NOTIMEX)—The Chamber of Deputies approved today the Federal Revenue Law for Fiscal Year 1995, as well as miscellaneous expenses [miscelanea fiscal] for about $120 billion, half of which will be collected from taxes.

After four hours of debate, the law was approved with 286 affirmative votes from the Institutional Revolutionary Party and 148 negative votes from such opposition parties as the National Action Party, the Party of the Democratic Revolution and the Labor Party. It has been submitted to the Senate.

Government spending next year will focus on economic growth, the fight against poverty, increasing public investment, and promoting private investment.

The economic package earmarks 10.8 percent of the GNP and 55 percent of government projected expenditures for social programs and grants special treatment for the development of rural areas in light of the serious agricultural crisis.

The bill submitted by Finance Secretary Jaime Serra to Congress suffered 16 modifications, which were considered "null" and "insufficient" by opposition legislators.

The opposition legislators presented various proposals to modify the initiative sent by President Ernesto Zedillo, but they were not accepted.

The package will allow the federal government to manage over 80 percent of the spending, whereas the states can only administer 14 percent; therefore, it is vital to lay the foundations for a new type of federalism, the legislators pointed out.

Regional Trade Zone Outlined

PA2212200894 Mexico City LA JORNADA in Spanish 19 Dec 94 p 28

[Report by Patricia Munoz Rios]

[FBIS Translated Text] Within the framework of the negotiations to form the Free Trade Area of the Americas, starting in 1995 the Mexican Government, in addition to participating in meetings to study commercial exchanges, will join a Hemispheric Financial Affairs Commission. This commission "will study measures for promoting the liberalization of the capital movements" and will participate in a meeting of energy ministers "to study ways to develop the energy industry in the hemisphere."

Such tasks are included in a first summary of immediate actions the Mexican Government must undertake in the negotiations to create a regional free trade zone, according to the Commerce and Industrial Development Secretariat (Secofi).

This document states that governments participating in this negotiation will seek "balanced and integrated" commercial accords. These accords will address tariff and nontariff barriers, agriculture, subsidies, investment, intellectual property rights, government purchases, technical trade barriers, safeguards, rules of origin, compensation and antidumping rights, health and sanitary procedures and regulations, resolution of disputes, and policies for competition.

Regarding the commercial accords already signed by governments of the region, the OAS Special Trade Commission, with the support of the Inter-American Development Bank (IDB) and the Economic Commission for Latin America (CEPAL), will create information systems containing data on the existing accords. Said systems will include brief comparative descriptions of the obligations of each of the existing accords, for which a work report must be drafted by June 1995 at the latest.

The creation of the free trade area does not only establish the exchange of goods and services, but also of other services such as financial services and particularly the liberalization of the capital markets; telecommunications and infrastructure of the information; cooperation in the areas of science and technology; tourism; and an "energetic cooperation" accord.

In addition to the work agenda that will be discussed at the regional commercial negotiations, the governments of the American continent, including Mexico, will form a Hemispheric Financial Affairs Commission which will study measures for promoting the liberalization of the movement of capital and the progressive integration of capital markets.

According to the document, this commission will review hemispheric debt problems and will prepare, with the assistance of the IDB, a complete list of national regulations on capital. This will be done to promote the transparency of capital. The commission will also support cooperation by the Association of Superintendents of Latin America and Caribbean Banks and the Council of Stock Overseers of the Americas, so as to provide

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reliable supervision and regulations that support the progressive development and integration of the markets.

Moreover, during the first semester of next year, the Mexican Government will participate in a meeting of energy ministers to study ways to develop the energy industry in the hemisphere, according to the document.

It pointed out that in order to participate in the commercial negotiations, Mexico should appoint a negotiating team that will be led by Secofi Secretary Herminio Blanco Mendoza.

New Measures To Assist Citizens Returning From U.S.

PA2312005594 Mexico City NOTIMEX in Spanish 1656 GMT 22 Dec 94

[FBIS Translated Text] Mexico City, 22 Dec (NOTIMEX)—The Mexican Government has announced it will implement special measures in 10 cities that border the United States and experience a great deal of migratory movement to ease procedures for the entry of vehicles and merchandise belonging to Mexicans who reside abroad.

The Comptroller General Secretariat has reported that the "Compatriot Program," which was created in 1990, is now being implemented in Ciudad Juarez, Matamoros, Mexicali, Tijuana, Nuevo Laredo, Reynosa, Nogales, Sonoita, Tecate, and Nuevo Progreso. Under the program, travelers are helped at guidance and grievance stations installed at primary bridges, border crossings, truck stations, international airports, border garrisons, and railroad stations.

Those Mexican citizens who reenter Mexico will be assisted by personnel from the offices of the Communications and Transport, Finance and Public Credit, and Government Secretariats, as well as personnel from the Attorney General's Office, the Armed Forces Bank, and the Army. The personnel manning the stations will advise returning Mexicans on the correct use of modernization and control measures that have been established to gradually improve migration, customs, consular, and health services.

A few of these measures are: There will no longer be a fee for migration forms; requirements to obtain domestic passports have been simplified; and migration documents to leave the country by air will be available. Also to help the travelers is the decentralization of tax payments at banking institutions, streamlining of the required procedures to bring vehicles into the country temporarily and to guarantee their return, the simplification of the tax declaration form, and the use of video equipment in fiscal matters.

It should be noted that the "Compatriot Program" was implemented in 1990, after the Simpson-Rodino Migration Law went into effect in the United States in 1988 and prompted Mexicans living in the United States to return in large numbers.

Aztlan Group Drug Links Traced

53300539C Mexico City PROCESO No 939 in Spanish 31 Oct 94 pp 32-35

[Article by Ignacio Ramirez: "Businessmen, Officials, and Former Officials Involved in the Aztlan Group 'Narco-Scandal'"]

[FBIS Translated Text] Saltillo, Coahuila—The last time that engineer, Jose Luis Garcia Trevino, was seen in public was on 26 May of this year, when the business sector held a banquet for Ernesto Zedillo during his election campaign. It took place at the Candilejas reception hall, owned by the Aztlan Group.

He reappeared five months later when, identified as the person who fraudulently assumed the legal status of Juan Garcia Abrego, head of the Gulf cartel, he denied that story. This occurred on Friday, the 18th [as published], following a trip to Mexico City "to settle this matter," according to his administrator, Armandina del Bosque.

Garcia Abrego's extradition was formally requested of the Mexican authorities on 22 November 1993, through diplomatic note No. 1599, which states that Juan Garcia Abrego uses the pseudonyms Juan Chapa Garza Jr., Juan Garza Chapa, John Chapa, Juan Jose Lopez, Juan Lopez Lopez, or Jose Luis Garcia Trevino.

If Jose Luis Garcia Trevino is not Juan Garcia Abrego, why was the 14 October operation mounted to capture him, as the principal figures involved in the case have admitted?

Moreover, it is inexplicable that Garcia Trevino should not have been wanted by the judicial authorities, when his name appears in the diplomatic note sent to the SRE [Secretariat of Foreign Relations].

On the occasion of the report published in the previous issue of PROCESO, the following reactions were expressed by some of the most prominent persons associated with the Aztlan Group case:

The representative of the Attorney General's Office [PGR] in Coahuila, Maria del Refugio Martinez Cruz:

"Yes, there was an operation on 14 October to capture Juan Garcia Abrego, in compliance with an order from the central section of the Attorney General's Office. In that operation, the agents from the PGR's Coahuila local agency acted only as backup after the fact; therefore, the results are not known. Rene Paz Horta, commissioned by the National Institute To Combat Drugs, was here with some of his subordinate personnel."

The agent from the Federal Public Prosecutor's Office, J. Gerardo Montes Rodriguez:

"On 14 October, a judicial operation was carried out. On that day, I received a person in custody, but I did not know who it was, nor whether he was an Army captain or an ordinary citizen. It was the Federal Judicial Police who sent that person to me. If, some day, they bring me

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someone who was involved in an accident, and he turns out to be a brother of Garcia Abrego or Chapo Guzman, then what am I supposed to do with him?"

Federal Judicial Police agent Francisco Sanchez, in charge of surveillance at the Plan de Guadalupe International Airport:

"On Thursday afternoon, 13 October, Rene Paz Horta and some personnel arrived at the airport, waiting for an Army general and captain."

The Aztlan Group's legal proxy, Agapito Garza Salinas:

"On 14 October, an operation was conducted outside the company's offices. I appeared there, because they notified me that armed men had surrounded the building; but everything became confused, because Jose Luis Garcia Trevino is not Juan Garcia Abrego."

The Aztlan Group's administrator, Armandina del Bosque Yeme:

"In fact, on 14 October the PGR agents did appear, but Jose Luis Garcia Trevino is not Juan Garcia Abrego. The engineer is from Saltillo, and everyone here knows him. He traveled abroad, but returned, and went to Mexico City to settle this matter. The plastic surgeon who, they claim, changed his appearance must be very good; I wish they would introduce me to him, to see if he would do something for me."

The commander of the Sixth Military Zone, General Enrique Andrade Sanchez:

"No member of the Army, either from Mexico City or here, participated in the operation to capture the head of the Gulf cartel, Juan Garcia Abrego. There is always official notification of any operation, and on the handling of the operation. And in this case there was nothing; no one participated. The information in the magazine PROCESO cannot be true."

It was during the year 1987. On 14 May, in Monterrey, the Federal Judicial Police seized a ton of marijuana and nearly half a kilo of cocaine. They arrested nine members of an international ring led by the industrialist Jose Adan Garza y Garza, then a majority stockholder in the Garza Blancas Group, as well as in the Southeast Cooperatives Air Motor-Transport firm, whose vehicles were being used to move drugs to the United States.

Agapito Garza Salinas, the Aztlan Group's current legal proxy, came to their defense.

In his statements, Garza y Garza admitted having been engaged in the drug traffic for several years: an activity that was netting him profits that were invested in the purchase of hotel and restaurant chains, and other businesses. Based on investigations conducted in Saltillo and Monterrey, it was learned that he was purchasing the marijuana in Oaxaca and Tabasco States, while the cocaine was being brought into the country by the Colombian, Leonidas Gomez Ordonez.

Arrested in Coahuila, Garza y Garza was transferred to Nuevo Leon, since that was the state in which the illicit acts had been committed.

At that time, in mid-1987, construction was beginning in Saltillo on a transient motel on the outskirts of the town, where the old highway to Arteaga intersects the bypass of the central highway to Monterrey. This aroused the population's anger.

After two years of negotiations, the Arteaga Public Works Department and its townhall granted Garza Salinas the permit to continue the project.

Representatives of various sectors of the civilian society, including the news media, aware of the record of the Aztlan Group's current legal proxy as a defender of drug traffickers, protested against the construction.

"It is not difficult to predict that a wave of terror will threaten Arteaga and Saltillo, caused by the violence used by these criminals to protect themselves from the authorities," was the people's outcry.

In view of the challenges, telephoned death threats began to occur, as well as reports of alleged bombs set, even in the townhall. The people of Saltillo also started to be alarmed by news reports, which later became a daily occurrence. For example, on 16 June, a grandson of the dictator Fulgencio Bautista, Juan Bautista Roiz, and two "mules," were arrested in separate operations, while carrying drug shipments.

Bank holdups and kidnappings ensued, with nothing done by State Police and Traffic Director Jorge Ochave Gonzalez, an ex-Secret Service member in Mexico City and, until recently, an employee of the Federal District Attorney General's Office. He has been publicly identified as the one who "recommended" Garza Salinas to the authorities, enabling him to obtain the permit for the transient hotel. It is in ruins at present, since its construction was never completed.

Garza Salinas now comments: "I have practiced the legal profession for nearly 40 years, and I would not for any reason have agreed to become associated with people like the Garcia Abrego group."

Upon the arrival of the Aztlan Group and its sudden growth, the suspicions of money laundering became heightened. No one has explained why its director appeared in person to pay cash for business deals involving sums in the millions.

For example, in early 1993, the Harris Graphics Company, an in-bond assembly plant for newspaper printing presses, started liquidation procedures. When the Gross Company tried to purchase it, engineer Jose Luis Garcia Trevino intervened to buy it, offering payment in dollars, without any prior negotiations. When the Harris firm's executives suspected that there was something illicit about that money, they demanded payment by check. The director of the Aztlan Group never returned.

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Another case occurred last year as well, when a group of eight residents of the Indian community of El Diamante, in the municipality of Arteaga, sold 40 hectares of their land to Garcia Trevino. He paid cash, in advance, without documents of any kind, in the amount of approximately 355,000 new pesos, out of the total 530,000 involved in the transaction.

The Indian community commissioner, Jose Luis Monsivais, recalls that "the engineer" had planned to develop a country vacation establishment, even though the land was arable. "Suddenly, he disappeared, and we have not seen him again in nearly a year."

In late March of this year, the name of engineer Jose Luis Garcia Trevino came to light again publicly, after the confiscation of over four tons of cocaine seized by the Federal Judicial Police on the highway leading to Concepcion del Oro. The drugs were being carried on a tank truck belonging to the Aztlan Group, according to that force's commander, Mario Cruz Espinoza Lobato.

Espinoza Lobato was later removed by the PGR's Coahuila local agency. His substitute was Second Commander Severo Jimenez Fonseca, who was subsequently replaced by the present PJE [State Judicial Police] director, Francisco Estrada Valencia. The latter is working concurrently with the Finance and Government Secretariats on the investigations of the Aztlan Group.

With regard to the Coahuila local agency and its representative, Maria del Refugio Martinez Cruz, last week, Eduardo Valle Espinosa, ex-adviser to Doctor Jorge Carpizo in the PGR, claimed in a telephone interview:

"The Garcia Trevinos are directly linked to the Gulf cartel's finances, and this is known to the DEA [Drug Enforcement Administration] and the PGR's Special Group. That group never wanted to enter Coahuila because of the obvious, cynical protection given to the Gulf cartel by the representative, Martinez Cruz. A prosecutor of justice in Tamaulipas during the last years of Americo Villarreal's government, she attempted to deceive the National Human Rights Commission in the campaign to harm journalists, concealing and falsifying information on the murders of reporters Norma Moreno and Ernesto Flores Torrijos."

Valle Espinosa released the DEA's dossier on "Garcia Trevino, Jose A.":

"Alphabetic PH. Numeric 0. Frequency, 29 Paseo de las Americas, opposite the Medical Specialties Center, owned by Doctor Frank Morales, money launderer for Juan Garcia Abrego; also owner of the Medical Specialties Center in Matamoros, at First and Gonzalez; both hospitals of the Gulf cartel. Located in that zone are persons with surnames linked to the Gulf cartel, such as Trevino Cantu, Trevino Garza, Ruiz Trevino, and branches of the Serna, Barrera, Pena, and Gonzalez families."

Valle Espinosa added that, in view of the foregoing, "It would not be unlikely for Jose Luis Garcia Trevino to be a relative of Juan Garcia Abrego."

Noteworthy in an inventory of the Aztlan Group, the consortium of firms primarily in the construction and real estate industries, is the list of nearly 100 types of equipment under the heading "Hospital Equipment Inventory." It includes the following, among others:

"Narco Ind [as published] and Lab Heater; Narco Incubator; Allied Health Care Anesthetic & Respiratory; Abbott Lab Centrifuge; Multifuge Centrifuge; Baxter-Dade Automatic; Lithonia Emergency Light Systems; Hoover Upright Vacuum; and Waterloo Cardiac Boards."

For its unexpected success, the Aztlan Group, besides receiving all kinds of facilities from Eliseo Mendoza Berrueto's government, had, at the outset, as its principal financial adviser, editor Armando Castilla Sanchez, of the daily paper VANGUARDIA and the evening paper EXTRA.

DIARIO DE COAHUILA, published in Saltillo, reports: "His proximity to the Aztlan Group was discovered at the end of 1991 and in early 1992, offering 'protection' through his publications, and 'lucrative business deals' that he undertook to obtain for Aztlan. As a result of this, Governor Mendoza Berrueto maintained a personal and financial relationship with Castilla. The latter boasted of having been the principal 'secret' partner of the now ex-governor."

The Aztlan Group began the construction of subdivisions, residential units, and country establishments. It handled the marketing for the sale and purchase, disposal, leasing, or rental of real estate; and the importing and exporting of all types of equipment machinery, tools, materials, commodities, and goods. It also managed all types of personal property per se, including the registration, use, application, and acquisition of licenses for industrial secrets, patents, and trademarks, and concessions of copyrights and inventions, and, in general, all kinds of industrial or intellectual property rights.

Within just three months, between November 1993 and January 1994, Jose Luis Garcia Trevino registered seven commercial properties, under the titles 562, 1254, 1255, 1256, 1259, 1260, and 1264, worth over 1.325 billion new pesos. They included JLD Construction of Saltillo, JLD Materials of Coahuila, JLD Pre-Mixes, and JLD Fixtures and Forges.

The legal instruments recorded in the Public Register of Property and Commerce were executed by way of a single administrator, in the name of Jose Luis Garcia Trevino. They were attested by notary public No. 37 of Saltillo, Raymundo Cristo del Bosque Rodriguez, who does not accredit the legal status of the Aztlan Group's general director with any document in the official recording of its public documents.

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Now deactivated and near collapse, the Aztlan Group is at the brink of bankruptcy, offering for sale its business firms, which are dismantled or in a state of economic crisis. It also is facing various judicial complaints from suppliers who have not received their payments, or for being in arrears in the settlement of bank debts.

Work is being done sporadically at its main offices, located at 687 Real Street, in the Colonia Jardines del Valle. In the machinery parking lot covering five hectares, on the highway leading from Saltillo to Matehuala, near its intersection with the Lopez Portillo Freeway, over 60 vehicles are parked. They include fifth wheel trucks, dump trucks, oil sprayers, motor graders, rollers, bulldozers, excavators, etc., of the Kenworth, International, Freightliner, Peterbilt, and Caterpillar brands, valued at over 13 million new pesos.

The Candilejas hall, which was the recreational site for the Aztlan Group's circle of close associates, is being operated by the radio and television network RCG. Moreover, the group's construction plans are at a total standstill. Even the mansion at No. 455 Caracol Street, in this town's Lomas de Lourdes subdivision, owned by Jose Luis Garcia Trevino, with its pool, tennis court, and observation post, is abandoned.

In view of this situation, the State Congress, including the PRI [Institutional Revolutionary Party] faction, demanded that the Attorney General's Office conduct the investigations "to their final consequences." It also called upon the PGR to take action against those who prove to be implicated in the laundering of drug trafficking money, requesting the confiscation of the public works awarded to the Aztlan Group.

The Cardenist leader, Samuel Acevedo Flores, declared that, for the good of Coahuila and the protection of its moral integrity, ex-Governor Eliseo Mendoza Berrueto should respond to the charges implicating him in the drug traffic.

Furthermore, the PRD's [Party of the Democratic Revolution] national adviser, Adrian Puentes Adriano, joined in the petition for the punishment of those who obstructed the arrest of Jose Luis Garcia Trevino during the 14 October operation.

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El Salvador

Assembly Approves Third Phase of Fuertes Caminos

PA2212140694 San Salvador Canal Doce Television in Spanish 0100 GMT 22 Dec 94

[From the "Up-to-Date" newscast—passages within quotation marks recorded]

[FBIS Translated Text] Today the Legislative Assembly approved the implementation next year of the third phase of the U.S. State Department-sponsored cooperation agreement known as Fuertes Caminos.

The initiative did not win the FMLN's [Farabundo Marti National Liberation Front] support because it seems like the measure is unconstitutional and that the presence of U.S. troops could have political ends.

[Unidentified speaker] "Colleagues who agree please raise your hands."

With the bill's approval, U.S. troops have the green light to initiate on 4 January the third phase of Fuertes Caminos. According to an unofficial translation of the letter sent by U.S. Ambassador Alan Flanigan, the plan is to build schools and health centers, and to dig some wells.

According to the FMLN's legislative wing, the presence of U.S. troops in the nation violates Article 131 of the Constitution.

[Unidentified speaker] "The Legislative Assembly can only ratify the [word indistinct] transit, not the stationing of the same."

[Unidentified speaker] "This group of engineer reserves, from the U.S. engineers corps, is not here to set up a base like Palmerola or a base like Guantanamo. They are coming without weapons, they come here to build..."

Nevertheless, for the FMLN the point of debate was not just Article 131, but also some specific rules of the agreement such as not requiring passports and visas for members of that nation's Armed Forces. Of course, it goes without saying that the specter of espionage has also emerged.

[Unidentified speaker] "We are dealing with an effort by the U.S. Government to learn on-site if military intelligence is [words indistinct] with the nation's situation that they were not able to overcome during the war."

[Unidentified speaker] "How sad to hear in this place about military intelligence on-site. Gentlemen, you can be sure they have us sized up pretty well."

The third phase of Fuertes Caminos will conclude in May 1995. It will resume from January to June 1996.

[Unidentified speaker, in progress] "... and if it is in the area where there was bombing and destruction, it seems to me that this sort of compensates for what was done during the war now that we have peace."

The U.S. Army Reserves and civilian personnel will be responsible for implementing the agreement. They will coordinate their work with local authorities in areas where the work is performed.

'Text' of FMLN Political Agenda

PA2312041494 San Salvador LA PRENSA GRAFICA in Spanish 21 Dec 94 pp 68A, 69A

["Text" of Farabundo Marti National Liberation Front (FMLN) Political Agenda adopted at the FMLN National Convention in San Salvador on 18 December]

[FBIS Translated Text]

Whereas:

1. Although the peace agreements triggered the most significant political reform in the history of our country, this reform remains incomplete and distorted in several major aspects. To this end, critical tasks of the political reform need to be completed and corrected to forge a modern and stable democracy.

In order to consolidate the state of law and democratic governability, there remains a large problem to be resolved: the eradication of impunity and the unconditional respect for human rights.

2. The neoliberal policies of the Arena [Nationalist Republican Alliance] government have worsened structural and historical problems such as the concentration of wealth, mass poverty, and the destruction of the environment. A small number of families control the economy, especially the financial system, which they illegally seized. They are the ones who benefit the most from the current economic growth.

The concentration of capital in a few hands is now larger than before the war and constitutes the major obstacle for the country's socioeconomic democratization.

Mass poverty constitutes the other side of the coin: the noticeable deterioration of social values; the increasing cost of living; the high unemployment rate; high crime rates; starvation wages; and the lack of development opportunities in densely populated sectors; and small-, mid-, and even the many large-scale businessmen. [sentence as published]

Our country lacks a sound productive foundation that could guarantee long-term sustainable development. We are experiencing an increase in financial speculation and have an economy highly dependent on foreign cooperation and the dollars sent by Salvadorans living abroad.

3. It is necessary to promote a long-term cleansing and modernizing strategy for the state in order to move the democratization of the country beyond what the

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Chapultepec program stipulated. Currently, the corruption that is eroding most of the public institutions constitutes the main challenge of this process.

Resolves:

To this end, the National Convention of the FMLN [Farabundo Marti National Liberation Front] resolves to promote the 1995-1997 political agenda, which has the following objectives:

1. Do away with the system of impunity and confront the serious crime problem prevailing in the country, thereby guaranteeing full and effective compliance with the Peace Agreements by prioritizing the following issues:

A. Purging and training the PNC [National Civilian Police] and strengthening its investigative ability.

B. Guaranteeing that the FAES [Armed Forces of El Salvador] will not intervene in public security matters.

C. Reforming the judicial system, especially by purging corrupt judges and taking other cleansing and modernizing measures.

D. Effectively complying with the recommendations made by the Truth Commission and the Joint Commission to investigate the illegal armed groups.

E. Strengthening the Human Rights Ombudsman's Office.

2. Promote the economic democratization and modernization by engendering a reform aimed at developing one segment of the economy. To this end, we are determined to foster the following priorities:

A. Stop and turn back the process of concentrating wealth in very few hands by demanding the annulment of the fraudulent privatization of the financial system and by encouraging its legal reprivatization to make it an effective instrument for human development and reversing poverty.

B. Guarantee the priority of social investments, especially in health and education, by promoting decentralization and assuring the gratuitousness and efficiency of these areas.

3. Do away with the corruption and influence peddling system prevailing in the state by promoting an effective investigation process and by punishing these crimes.

4. Support an electoral reform that will guarantee truly democratic elections in 1997 and 1999.

In order to achieve these objectives, we will do the following:

1. Move forward in the unification, renovation, and consolidation process of the FMLN as a bastion of democratization, modernization, and social justice in El Salvador.

2. Work for the strengthening of a broad movement by social and political forces at the national and local levels. These forces are committed with the overall democratization of our country.

3. Promote the decentralization of the state's functions and the strengthening of municipal governments to bring welfare to the Salvadoran people. Promote a municipal system [municipalismo] that is democratic and consensus-oriented and that generates socioeconomic development. Fully honor the commitments made by our municipal government programs.

4. Modernize and democratize the Legislative Assembly to place it closer to people, to help it overcome the presidential system, and to strengthen its role as the primary state organization. Prepare ourselves to substantially increase our representation in the legislature and the municipal government in the 1997 elections.

5. Consistently point out the demagoguery and the lack of compliance with the electoral commitments made by Arena.

6. Promote the permanent search for consensus among all those sectors willing to take united actions in issues included in the national agenda.

Special Resolutions

The Second Regular Convention of the Farabundo Marti National Liberation Front, FMLN, agrees that:

1. We will firmly move forward toward the unification of the FMLN as a democratic, revolutionary, and pluralistic party.

2. The Political Commission and the National Council will take the necessary steps to promote the process of unification among the rank and file and within the leading organizations of the FMLN.

3. As a first step, those who are elected members of the FMLN Political Commission, coordinators, departmental coordinators, and members of the national secretariats will be exonerated from the responsibilities of their current organizations to fully devote themselves to the development of the FMLN.

4. We will call on our fellow members to work in an enthusiastic and self-assured manner to promote the unification of the party and forge a stronger and more democratic party, which will be closer to the people and their struggles and, above all, will be more united.

Guatemala

De Leon Comments on U.S. Aid, Peace Process

PA2312000294 Guatemala City Teleonce Television in Spanish 1900 GMT 21 Dec 94

[News conference by President Ramiro De Leon Carpio with unidentified reporters in Guatemala City; broadcast in progress—live]

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[FBIS Translated Text] [Reporter] ...and also the help to Latin American nations.

[De Leon] Yes, in effect there are some proposals, some initiatives in this area; regarding AID, you can imagine. I respect the decisions made by the legislative branch here, much more than decisions made by legislatures of other nations. This is a respect not only for sovereignty, but also for the legislative body's duties per se.

In this case, if the United States reduces or eliminates international aid for Latin America, it would be a very harsh blow to our nations. Nevertheless, I do not believe that this will happen, although there are limitations to what the United States can do. There are other places in the world that also need U.S. help. Nevertheless, I believe we were very clear at the recently held hemispheric summit—particularly the Central America nations via their presidents—in highlighting the fact that although the Cold War has ended, and although Central America is no longer threatened by communism, Marxism, or guerrilla warfare—aside from the case of Guatemala, however, which still faces an internal armed conflict—this does not necessarily mean that we do not need aid from the international community. In turn, however, we also need to make a contribution. The way in which we can contribute is by combating corruption and by combating poverty. Now, to combat poverty we need resources, and to have resources all Guatemalans, especially those who receive more and those who have more, must pay taxes and must strictly comply with their tax payments.

This is the reason for fiscal reform, administrative reform, and, specifically, the inclusion of tax evasion as a fiscal crime. This is very important for the nation's future. In security matters, it will mean making the peace last—namely, that outbreak of peace, as I have called it. Just yesterday, Armando Calderon Sol helped me understand how difficult it is to achieve peace. Nevertheless, these are steps we must take, and later, social demands will crop up. For us to obtain international aid, we must contribute something. In this case, when I visit the European Parliament, I will have something to present to them—namely, the reform of the...

[Reporter, interrupting] Mr. President, the argument those in the United States are using to suspend aid is the case of Nicaragua. They cite Nicaragua as an example, where $5 billion has been sent but, up until now, no aid has been seen by the people.

[De Leon] Fortunately, they are very clear about what is going on in Guatemala. The other example is nothing more than history; here there is honesty and transparency. There is no doubt about this, whether viewed from a local or international level. They are aware how I managed, for example, what AID gave the Human Rights Prosecutor's Office. The clean, transparent management of these funds is an example for Latin America. Therefore, that argument could be used for other cases, but for Guatemala, fortunately there are no...

[Reporter, interrupting] [Words indistinct]

[De Leon] We are currently waiting for a response from the UN mediator. As I said yesterday, and I reconfirm this, we are ready to sign not only the agreement on rights—on the rights of Indians and their culture—but also any initiatives the United Nations may present for peace. From a humanitarian point of view, the government over which I preside is ready to sign any document that will save human lives.

[Reporter] Is this a [word indistinct] for the signing of peace?

[De Leon] No, not necessarily. The timetable was the signing of a peace agreement. Immediately following the signing, the corresponding demobilization would begin with a definite cease-fire. However, because the timetable has not been met, other possibilities have come up. The cease-fire, as such, would simply be implemented for humanitarian reasons. It is well worth changing or modifying the process and to agree to end the confrontation to save one life. In turn, we can sign the agreement and the two main issues that...

[Reporter, interrupting] [Words indistinct] seem to be delaying the talks. How do you view the negotiations?

[De Leon] I am worried because I represent the Guatemalan people who are burying their dead. At this very moment, unless we agree on a cease-fire, a bomb could explode, killing a child, a woman, or an elderly person; or a bridge or a power station could be destroyed. The destruction and killing will continue unless we agree on a cease-fire.

Because we will indeed attain peace, and this decision is irreversible, we will continue with the other two [word indistinct] within the national peace and reconciliation plan, and above all else, we will continue our fight against poverty. The longer the process—again, a process that is irreversible—is delayed, the more lives will be lost. Therefore, from a humanitarian standpoint, as well as from a logistical and military standpoint, they stand no chance of seizing power, which was why the guerrilla movement began 34 years ago in Guatemala and in other parts of the world. That possibility no longer exists.

Therefore, I believe that logically, and for humanitarian reasons, they should come to Guatemala and participate openly as other sectors are doing, instead of continuing with an armed conflict that will lead us nowhere and only increase destruction, death, grief, resentment, and divisions within the Guatemalan family. The peace process is irreversible. We must attain peace. Therefore, if we know that it will finally come, why not try to attain it now, or at least agree on a cease-fire?

[Reporter] Will we lose the $100 million in economic aid the EU offered if a peace agreement is not signed?

[De Leon] No, no, no. Europe is fully aware of the situation. I have planned a visit to the European Parliament within the first few months of 1995 because I want

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to personally confirm... [pauses] One of the things I was told at the hemispheric summit was that I should travel to other countries and personally, using my credibility as president, promote Guatemala's image abroad and directly receive assurances of economic aid and credits from the international community. In general, this assistance is not lost, but naturally millions more can be obtained if a peace agreement is signed, which would benefit Guatemala.

[Reporter] The URNG [Guatemalan National Revolutionary Unity] has said conditions are not right for signing a peace agreement at this time.

[De Leon] I would say we should ask the Guatemalan people. In reality, the Guatemalan people see those conditions in terms of the people killed, wounded, maimed, blinded, and disabled by war. Those are noble and perfectly good reasons to sign a peace agreement. I really cannot accept the argument that there are no conditions. The conditions are right following 34 years of useless war of which nothing good has come. Besides, the URNG has no possibility of winning. This is true here and anywhere in the world where rebellious groups have chosen the illegal path of weapons. A few years ago they had a better chance of achieving victory because they had the ideological support of powerful countries. Today, however, those powerful countries—namely, the USSR and East European countries—have taken the path of Western democracy. Therefore, they no longer have the ideological support of those countries. On the contrary, I would say that conditions in Guatemala at this time are right for signing a peace agreement. As I said, the peace process is irreversible.

[Reporter] Is the Zapatist National Liberation Army threatening our borders?

[De Leon] Naturally, the emergence of a subversive or rebellious group in a neighboring country is a matter of concern. Of course, we are worried, but we are confident that President Zedillo will find a negotiated solution through dialogue. Based on his abilities and the well-organized Mexican state apparatus, we are certain this will be possible. Furthermore, we believe that armed groups in Mexico will not solve the problems in that country. I believe the dialogue President Zedillo has offered is the best solution.

I must admit that the existence of armed groups in a neighboring country near our border is worrisome. Therefore, we are adopting the necessary measures on both sides of the Mexican- Guatemalan border to prevent, as I said, gunrunning and illegal entries. The Guatemalan Army is prepared to protect our borders.

We have a better answer, which is creating an area of economic and social development on both sides of the border—in Mexico and in Guatemala—to help border towns develop economically and socially, as well as to prevent the smuggling of lumber, archaeological finds, and especially gunrunning and illegal entries.

[Reporter] Will there be cabinet changes?

[De Leon] This week and next I will evaluate the government's work over the past year. Naturally, this means reviewing the work carried out by the various institutions and ministries and the government in general. I do not know how many of them have already tendered their resignations. I have not reviewed this with the secretary general of the Presidency, but I am now in the middle of the evaluation process. I will continue to look into this matter this week and next.

[Reporter] [Words indistinct] Mexican troops on the Mexican border?

[De Leon] No. Currently, there are enough troops and adequate control in the area, but, if necessary, we will increase the number of troops in the area. We are maintaining excellent coordination with the Mexican Government, not only to defend our sovereignty but also to avoid any problems regarding gunrunning activities.

Defense Minister on Chiapas, Peace Talks With URNG

PA2212144494 Guatemala City Teleonce Television in Spanish 1900 GMT 20 Dec 94

[From the "Telepress" newscast]

[FBIS Translated Text] Guatemalan Defense Minister General Mario Rene Enriquez said he hopes the renewed crisis in the Mexican state of Chiapas will be ultimately resolved through dialogue.

[Begin recording] [Enriquez] While being very respectful of the internal affairs of other countries, I can say that this hurts me. It makes me sad, because I believe that dialogue should prevail. I have always considered Mexicans to be very capable of avoiding bloodshed in Chiapas. I hope there won't be military hostilities, that the Zapatists will think about things, and that the government will be able to convince them to negotiate so that there will be peace. Peace there is very important to us.

[Unidentified reporter] Does the Guatemalan Army have any information about whether the URNG [Guatemalan National Revolutionary Unity] is supplying the EZLN [Zapatist Army of National Liberation]?

[Enriquez] [Words indistinct] the URNG does not have the capacity to help them. I do not believe that that will happen. Perhaps their contribution could be to eventually share their combat experience. [end recording]

Gen. Enriquez did not seem to share President Ramiro De Leon Carpio's optimism about the possibility that the agreement with the URNG on the Identity and Rights of the Indian Peoples would be signed this week.

[Begin recording] [Enriquez] Well, I am kind of disillusioned. But yesterday I spoke briefly with Dr. Hector Rosada Granados. He told me that there was a chance they would be called upon to continue tomorrow or the

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following day and that in effect they have progrssed more than 90 percent of the way on the issue of the identity of the Indian peoples. I think they are doing rather well and that the process is continuing.

[Reporter] Why has the signing been held up?

[Enriquez] According to what Rosada told me, he thinks the existing differences are still insignificant. He believes they will be easily solved. I hope that agreement is reached before the end of the year because that would would permit the process to speed up early next year.

[Reporter] Does the Army believe the URNG should adopt a more flexible position toward signing?

[Enriquez] Well, our exhortation as part of the government—since the Army is directly involved in this peace process—our exhortation to the URNG has always been the same: that the URNG show its true will to achieve peace. I believe the main issues have practically all been covered. What remains is very little which has also been discussed.

The national situation and international support for a firm and lasting peace have been presented very accurately. We have to take advantage of this situation to end this conflict; the conflict only offers bad things. What we really want is for the conflict to end so that the economic upturn, now being hindered by them, will really develop to its full capacity for the benefit of all the people. And, of course, so that there will be no more dead or dishabled people, on their side and our side, and among Guatemalan civilians.

[Reporter] Will the Army continue to support the process for as long as these talks take?

[Enriquez] It just so happens that the Guatemalan Army is not an independent institution. The Guatemalan Army is part of the Guatemalan Government, part of the Guatemalan state. And these decisions are political. I believe if things are prolonged per secula seculorum the United Nations and the international community will have to intervene, in that sense. But the Army will respect the political decision, the decision of the president. Even Congress has to attend to these matters like it is currently attending them. I believe things are going well on the whole. Peace is irreversible. The only thing left is to urge the URNG to demonstrate its will that this signing take place as soon as possible. The fact that there is no longer an internal conflict will instill more confidence, will permit more untroubled foreign investments, will foster the development of Guatemala in general, and, what is even more essential, there will be no more dead or disabled people in Guatemala. [end recording]

Army Increases Surveillance Along Chiapas Border

PA2212223494 Guatemala PRENSA LIBRE in Spanish 21 Dec 94 p 3

[FBIS Translated Text] While the Guatemalan Army stepped-up security on its border with Chiapas, Mexico, Guatemalan President Ramiro de Leon Carpio and his Salvadoran counterpart Armando Calderon Sol, expressed their support to Ernesto Zedillo, the recently elected Mexican president who is seeking a negotiated solution to the conflict.

The Army's Information and Press Department stated yesterday that the reinforced Guatemalan military patrols will concentrate on avoiding incidents and preventing the entry of armed groups into Guatemala.

The number of Guatemalan soldiers who are patrolling the border area was not given, but it was learned that military commands from Quetzaltenango and Huehuetenango Departments were deployed to the area only as a preventive measure.

Meanwhile, President De Leon Carpio described the Chiapas situation as worrisome and said that he trusts that Zedillo will find an immediate solution to the armed conflict.

The Salvadoran president said, on his part, that he admires the Mexican president's position of offering an open dialogue to the EZLN [Zapatist Army of National Liberation].

Nicaragua

Minister Rules Out Possible U.S. Aid Suspension

PA2312001594 Managua Canal Cuatro Television in Spanish 0400 GMT 22 Dec 94

[From the "Extravision" newscast]

[FBIS Translated Text] The government has ruled out the possible suspension of U.S. aid to our country if the Republican senators, who now control the U.S. Senate, approve the new proposal of Senator Jesse Helms.

[Begin recording] [Unidentified reporter] How would you view a possible suspension or reduction of aid to Nicaragua?

[Roberto Rondon Sacasa, minister of agriculture and livestock] I am sure that will not happen, because I am sure good sense will prevail among most U.S. congressmen. It is the U.S. Government that has said that Nicaragua has taken and continues to take firm steps toward democracy.

The ceremony we witnessed today, in which President Chamorro appointed the new Army chief for a five-year period beginning on 21 February of next year, confirms what I have just said. This is the first time in many decades that such a ceremony has taken place in Nicaragua. This is what democracy is all about. This is yet another victory for the government of President Chamorro. An event such as this cannot be ignored and must prevail over [words indistinct] motivations and feelings.

[Reporter] Mr. Minister, if hypothetically speaking, aid was suspended to Nicaragua because of the influence of Senator Helms, what would happen? Would the crisis in this country worsen?

[Rondon Sacasa] I am confident that will not happen so it would be useless to speculate on false hypotheses, which I a am sure will not come true. [end recording]

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Bolivia

Sanchez de Lozada Praises Integration Processes

PY2212223594 La Paz PRESENCIA in Spanish 14 Dec 94 p 1

[FBIS Translated Text] During a graduation ceremony for more than 100 new Army officers yesterday, President Gonzalo Sanchez de Lozada said the integration processes in the world do not foresee a loss of sovereignty.

He said: "Integration with other countries does not imply losing sovereignty, it enhances it," and therefore, "there is no indication that institutionality will be lost nor will the role of the Armed Forces—especially the Army—be forgotten or disregarded."

The president recalled that at the Summit of the Americas, 34 presidents of the three Americas "were present, backed by their institutionalized Armed Forces which help them in their role as presidents to govern and fulfill the great objectives and the aspirations of their people."

He said the countries of the continent "must be united in seeking common paths toward a better future, and must strengthen their internal institutional systems, both the democratic as well as the cultural and regional institutions."

He added: "The unity of the hemisphere is based on diversity, but that it does not mean we will lose the values of our society to achieve that great unity that is so desired by our great leaders of the past."

Sanchez de Lozada urged the new military officers to fight and defeat poverty and corruption.

UCS Dissidents Describe New Party

95SM0086A La Paz HOY in Spanish 28 Nov 94 p 8

[Unattributed article: "The UCS Drinks Beer Because It Is Thirsty"—pun on words in Spanish: "tiene sed", SED]

[FBIS Translated Text] *More than a month and a half has passed since the sensational split in the UCS [Solidarity Civic Union]: tempers have cooled, the waters have calmed. Things have changed, however, as is only logical. The dissidents say they are better off without the "loyalists," who respond with a "thank God" for their departure. "Now we are among people we can trust," the "loyalists" say. The "disloyalists" have announced the acronym of their new party: SED (Solidarity, Ecology, and Democracy); the "loyalists" have remained in the traditional UCS. Both groups are still resentful and call each other names. They realize, however, that they are occupying the same space, although they would rather not bump into each other or even look at each other so as not to come to blows again. "We are better off in the opposition," the "loyalists" say. "The government is in accord with the times," the "disloyalists" reply.*

The creation of Solidarity, Ecology, and Democracy (SED) by the dissidents of the UCS is the result of the schism experienced by that party approximately one and a half months ago, when the prominent businessman Max Fernandez lost patience with the MNR [Nationalist Revolutionary Movement] and a crisis erupted within the UCS and consequently within the government coalition.

"Thank God we no longer have those bad people," UCS Executive Secretary Moises Jarmusz said. Jarmusz has chosen to stay with Max Fernandez Rojas, the "indisputable" head of the Solidarity Civic Union. "Now we are indeed the good guys; we are among the people we can trust, and the party is doing better every day," Jarmusz said.

Senator Guillermo Rosso Mendieta—one of the driving forces behind the SED together with Edgar Talavera—said that some of those who are staying in the UCS "are incompetent and did not even finish elementary school (such as Johnny Fernandez, Max's son), whereas the SED comprises the best educated and most capable people who will know how to respond to the nation's needs."

Government and Opposition

UCS leader Jarmusz commented that "we are logically better off in the opposition than in the government," because since the schism the UCS has consolidated itself even more as a party due to "Max Fernandez' loyalty to his people, who have been deceived by the present government."

"We are definitely in good shape now," he said, "because in our capacity as part of the government we have experienced some moments that were really unpleasant for our party. First of all, although we contributed 21 members of Congress we have never been given due consideration. Here," he emphasized, "I am not referring to access to jobs but rather to the decisions that the government was making." During that time, he added, "the UCS was weakening itself as a party."

In Jarmusz' opinion, any possibility that his leader Max Fernandez wants to lead the opposition has been ruled out. "It is not one of our objectives," he added. "Our plans are solely to continue working for the good of our people, of which Max Fernandez is a part."

According to Deputy Maximo Teran, a UCS dissident, the continuation of his group in the government "is in accord with the present circumstances" and is intended to fulfill certain commitments that the UCS assumed when it decided to give the Gonzalo Sanchez de Lozada administration "the ability to govern."

Rosso Mendieta supported his fellow party member's position. He said the nation must be served through the medium of a government that embodies change and that needs to be able to carry out its program with its ability

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to govern guaranteed, so as to avoid any possibility that Bolivia could be dominated by the UDP [Democratic and Popular Party].

Political Future

Deputy Teran foresees a brilliant future for his "party." He insists that the new theoretical concepts that support it are based on protection of the ecology, which until now has been addressed—and given consideration—only tangentially by "the traditional political organizations."

"We are seeing new alternatives for Bolivia," Teran said, "especially in the ecological aspects, which will be systematized at the national convention scheduled for the second half of December," he explained. He added that the SED intends to base its policies on "the national reality, rather than on the traditional parties."

Speaking of the political future of the UCS, Moises Jarmusz said that "first of all, it will maintain its policy of integrity. It will continue to work for the people by carrying out projects of a civic rather than a political character, and in this way continue to build Bolivia's future.

"We want to consolidate a political instrument," he said, "that will represent Bolivia's majorities in Congress, not a party that is formed by a small social group."

Democracy First and Foremost

The dissidents maintain that they left the UCS because that party was not run democratically and because Max Fernandez Rojas had set himself up as a sort of "dictator" within the party structure.

"Our party will be democratic," SED Leader Edgar Talavera said. "It will be the product of the confidence of the rank and file—of those who wish to build a new nation that will need people of integrity who are committed to democracy."

In Moises Jarmusz' opinion, the UCS is "fiercely" democratic. "It is one thing." he said, "for them to talk about selecting certain officials within a party, and quite another to let the people choose their candidates for senator, deputy, and municipal councilperson so that these candidates can participate in the elections with the UCS and faithfully represent the people in Congress."

According to Jarmusz, Max Fernandez chose his friends to run the party, and "those who were left out of that structure decided to break away and betray the UCS."

Figures

Neither of the two factions wanted to say how many people had chosen to line up with either side.

"The party activists are sticking with Max Fernandez," Jarmusz said, "even though they have decided to stay in the government for personal reasons."

"I do not want to talk about numbers," Maximo Teran commented. "All we want is for our proposal to carry more weight than the money of Max Fernandez Rojas, because man does not live by bread alone."

Words of Friendship

"The Solidarity Civic Union," Teran declared, "has passed through a very important stage in its development. We hope that these mistakes will enable us to comprehend reality, so that the same rock over which we stumbled does not have to be discarded but can instead be utilized for construction. I hope that my former colleagues will come to understand this and be able to construct what we had conceived together. We can no longer work with them; each side must now work independently."

"We shall continue to work for our nation, loyally and with integrity," Moises Jarmusz declared.

Brazil

President-Elect Cardoso Announces Cabinet

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[Speech by Brazilian President-elect Fernando Henrique Cardoso at the Bank of Brazil Training Center in Brasilia—live]

[FBIS Translated Text] Good morning. Once again it is my pleasure to address the country through the printed, voice, and television media. I thought it was my duty to summon you here to this auditorium of the Bank of Brazil Training Center, because I will announce to the country the names of the cabinet team that will accompany the president of the Republic as of the inauguration.

I think that it is now appropriate that the country learn from the president-elect's mouth the basic guidelines of his administration. I will give you the names of the ministers. Before giving the names of those who will cooperate with me as ministers or as secretaries or chiefs of the civilian and military households, I want to say that I am very much aware of the promises I made to the country during my election campaign and during my political career as senator. I think it is time to begin making some changes.

Thanks to the enormous effort made by the current government team commanded by President Itamar Franco, we are currently living through times in which Brazil is in a better position to put the house in order—to use an expression I used when I was finance minister.

Today as I woke up I heard some good news. The inflation rate has dropped once again. When I became finance minister some time ago, the monthly inflation rate had climbed from 25 percent to 40 percent. At that time I could not imagine that one day I would become

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president of the Republic with such a low inflation rate as we have now. This has entailed great effort by the Brazilian government and people, who understood that it was time to change, and had become tired of pessimistic predictions.

Many of you know how many times I was asked, while I was finance minister, how much the inflation rate would climb. I always refused to give figures, but I always said that we would do whatever was possible, or impossible, to make it drop, so as to allow the country take a direction toward economic stabilization. We are heading in that direction. That is my first commitment as president-elect, that is, to continue in that direction.

During the election campaign I always told the people that we would nominate—for the economy—members of the team that helped us attain that triumph of defeating inflation. That is what I did. I believe that those I am nominating today are creditors of the nation. Brazil owes a lot to them.

As you know, I asked Pedro Malan to be finance minister. He has put in an excellent performance as Central Bank president. Not only will the team be the same, but we will add to it some of the most competent Brazilian economists: Mendonca de Barros will be economic policy secretary, by decision of Minister Malan; and Professor Francisco Lopes, known as Chico Lopes, one of the most creative Brazilian economists, will also join the economic team.

Persio Arida will be Central Bank president, as already appointed by President Itamar Franco; Edmar Bacha will be president of the National Bank for Economic and Social Development, headquartered in Rio de Janeiro; Gustavo Franco, whose actions were essential in allowing us to reach the point we have reached now, will remain in his Central Bank post [Central Bank international affairs director]. Hardly ever before in history have we been able to find so many individuals with the solid backgrounds of those I have nominated.

In order to reinforce this team, and even at its request, I nominated one of the most competent Brazilian economists and politicians, Senator Jose Serra, to be planning minister. Besides the issues directly linked with exchange, monetary, and economic policies, we must fight a hard battle in the fields of budget, tax and fiscal reform. There is no one more capable that Jose Serra for this, as he has political and administrative experience to—in complete harmony with economic team chief Pedro Malan—help us succeed in the continuation of our economic stabilization program.

I have always said that our idea is not only to stabilize the economy; we need more than that. We need to design a future for Brazil. We want a future of continuous growth. I must add that national as well as recent international statistics have demonstrated that the inflation was controlled without recession. The economy grew between 4 and 5 percent, and the employment level climbed slightly, as well as the real salary mass. We attained this, as I have repeatedly told Congress we would, with the support of President Itamar Franco.

There is no need to change our direction. This is our direction. Our direction has been established. Brazil knows what it wants, and Brazil will have competent people to attain its objectives.

During the election campaign I have always said that there are three basic ministries, from my point of view. They are education, health, and agriculture. I now reassert it.

When I asked Paulo Renato de Souza, who was one of my main advisers during the election campaign and coordinated the government platform, to become education minister, I did so to clearly give a signal that I wanted in that post someone who understands the educational process. Paulo Renato has already been Unicamp [Campinas State University] rector and Sao Paulo State education secretary, as well as Inter-American Development Bank operations director, a post in which he dealt directly with educational subjects. Beside this, I want to clearly state that I chose someone very close to me for this post.

I would also like to make it clear that he will be very close to me, and will have all my support in making the necessary changes to the system of education. We will indeed make these changes, focusing especially on elementary education. Although this issue is not specifically one of the president's constitutional duties, I will be keeping an eye on it, particularly on the coordination of federal government, state, and municipal efforts to improve education in general, the salaries of the teachers, and the role of the school as the executor of this policy.

I would now like to stray from the order in which the ministries are listed. I have asked Dr. Roberto Muylaert, who used to be the chairman of the Anchieta Foundation that runs Sao Paulo TV Cultura, to join my team as National Social Communications Secretary. I am planning to centralize in this secretariat everything that has to do with Education Ministry television stations. This means that Muylaert will have a direct link to the Education Ministry, because televised education is essential if we want to stage an educational revolution in Brazil.

The obsolete vertical hierarchical order of ministries will be gradually changing into a modular organization. Until now Brazil has been ruled by vertical and hierarchical structures. I laugh every time I read in the newspapers reports about alleged squabbles over titles and ministries. This is all in the past now. A modern government is not organized vertically, nor is one ministry more important than another. There must be channels of communications crisscrossing the various ministries to make sure that information will flow not only from top

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to bottom, but also sideways, and to enable ministries to coordinate joint actions to deal with problems.

I would like to give you an example. In view of its magnitude, education cannot be dealt with only through the Education Ministry. It will require coordination with the National Social Communications Secretariat in order to make use of the huge resources that modern means of communications offer a country like ours, which is both large and in need of improved education. The government cannot be alone in this endeavor. Private business must also participate, and Dr. Muylaert has plans, which he will disclose in due time, to organize various private television stations and foundations, which should never forget that the government has granted them their concessions. This means that they must do their share of public service by helping to further education. The time allotted for this should not be when there is no audience. We need them to do a lot better than that. We need truly close-knit cooperation for this huge effort to further education.

We will be unable to really reorganize Brazilian education if we do not have a Science and Technology Ministry to focus on research and its needs. The Education Ministry and the Science and Technology Ministry will also have to coordinate their efforts. I have asked Professor Jose Israel Vargas to stay on as minister of science and technology, but I have not discussed the matter with him yet.

Just so people will not keep saying maliciously that the president does not know Minister Vargas, I would like to say that our personal and professional relationship dates from 40 years back. I will tell Minister Vargas that we must organize the Cnpq [National Research Council] along more active lines, and focus our attention—as was requested by Brazilian scientists during my recent meeting with them at Alvorada Palace—on what they call laboratories associated with the state, to help Brazilian universities reach performance standards in keeping with national challenges now that the conditions are appropriate for the development of a proper scientific policy.

I have said before that there is another ministry which in my opinion at least plays a crucial role: the Health Ministry. You all know that I have invited Professor Adib Jatene to take over this ministry. You may not know, however, that when President Itamar Franco organized his cabinet he authorized me to invite Minister Jatene to stay on as minister of Science and Technology. This is proof of our admiration, my admiration for Professor Jatene and his administrative abilities. I am not talking about his expertise as a heart specialist, because I hope I will not need his ministrations, but I do need Minister Jatene's brains to help us put the Health Ministry in order.

This is a key issue. My experience—and not only mine, but that of Minister Krause here, who was my predecessor at the Finance Ministry—tells us that we will have to deal with the health issue creatively so as to expedite the people's access to medical care. That is the essential thing. The key to the health issue is access. It is providing medical care for the poor, for those who have no means to pay for it. I have discussed this at length with Minister Jatene, and we see eye to eye on many things. Furthermore, as everyone already knows, each minister will receive detailed instructions on what the administration expects from them. In the case of Minister Jatene, he should probably be the one to tell me what to put down on the prescription, because he is one of the people who knows most about the way the health apparatus works, and he has a highly capable team to carry out the work that lies ahead of him.

I have decided to offer the job of agriculture minister to Dr. Jose Eduardo de Andrade Vieira. During his short tenure as agriculture minister—I was his colleague in Itamar Franco's administration—Dr. Andrade Vieira displayed creativity, energy, and a modern approach to agriculture and the land problem, which cannot go on as it is. Given Brazil's size, it is impossible to go on without a rural real estate tax. It is meaningless. It does not matter whether this is a right-wing idea or a left-wing idea; the nation needs this tax.

I have never known of any right-wing party that advocated not paying taxes, nor have I known any left-wing party that failed to understand that one should pay taxes compatible with one's income. This tax is not intended to choke the farmers, but to stop people from using land simply as an investment to protect their savings. This approach is no longer compatible with Brazil's development, and that is the way Minister Andrade Vieira feels about it, too.

Yesterday I met with a group of farming leaders who reiterated the problems that plague them. I have a reasonable grasp of these problems, and Minister Andrade Vieira knows them very well, so during my administration we will have to tackle the most grievous issues of minimum prices and the TR [Reference Interest Rate]. These are not easy problems, but the ministers of the economic area will have to work together with the agriculture minister to resolve them.

So that you will not accuse me of rambling too much, I will now read the names of the cabinet members, and will make a few additional comments.

Nelson Jobim will be the justice minister. The whole country knows him, and has seen him in action as a leader, as a member of the National Constituent Assembly, as a fighting man, a legal expert, and as a person who commands respect. I have always wanted Nelson Jobim to be part of my cabinet. That is no secret. So now he is the justice minister, and will have to deal not only with constitutional reforms and related matters—this is one of my administration's tasks, and the administration will tell the nation what it wants to accomplish, as I have explained in my speech to the Senate—but he will also have to deal with the Federal

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Police, with the Funai [National Indian Foundation], and with the Rio de Janeiro issue, in which I am personally interested. In sum, I believe Jobim has the moral authority to discharge his duties well.

Admiral Mauro Cesar Rodrigues Pereira will be the Navy minister. His previous job was that of Navy chief of staff, so he will give continuity to the work of Minister Serpa, whom I have asked to help me with something else.

General Zenildo Zoroastro de Lucena will stay on as Army minister. He was the Army minister in Itamar Franco's administration, and I have a lot of respect for him because of the way he handles the Army Ministry, and because of the cooperative, simple, democratic, and firm manner of helping the government whenever decisionmaking requires his participation. He deserves my complete confidence.

I will give the Foreign Ministry to Ambassador Luis Felipe Lampreia, although initially I thought about appointing somebody outside the Foreign Ministry. It is not that I could not find inside the Foreign Ministry somebody who would do the job well. There are more than enough people in Itamaraty who would do a good job, and perhaps that is why, as a former foreign minister, I felt that it would be easier to find someone outside the ministry, given that I have many friends inside it. In the end, I decided to ask the person who was first in line for this position, economist Luiz Carlos Bresser Pereira, to help me out with something else, a job that is essential for me: state reform.

Bresser is a Getulio Vargas Foundation professor and a reputed economist. I initially decided to appoint him foreign minister because he meets all the requirements and because I know he is capable of doing an excellent job. There are times, however, when a president must make a choice, and I thought it was better to use Luiz Carlos Bresser's expertise in the task of state reform, which also demands great imagination. This task demands special attention to such complex issues as salary equalization for public servants. This is why I preferred, in this case, to have someone from outside the administration establish guidelines in line with the modern Brazilian state we are striving to achieve. Bresser will be federal administration and state reform secretary.

In the Transportation Ministry...[changes thought] well of course Ambassador Luiz Felipe Lampreia was Foreign Ministry secretary general when I was foreign minister. This is more than sufficient reason why among all the many good and competent friends I have in the Foreign Ministry I decided to appoint Luiz Felipe Lampreia as foreign minister. He has experience and knows how I think. We will be working closely with the Foreign Ministry. I believe today there is an increasing trend to practice what is called presidential diplomacy. I will exercise it with Luiz Felipe Lampreia's effective cooperation.

I have already mentioned that Pedro Malan will be finance minister. You all know him very well.

I have appointed Deputy Odacir Klein as transportation minister. I appointed him myself and instructed him to disclose his appointment to the nation. I appointed him because he is a fighting man. He participated in the old struggles and is a fellow MDB [Brazilian Democratic Movement] member. He has experience in the administration at the financial level, in Rio Grande do Sul; and at the Agricultural Ministry level. Moreover, he has the well-deserved reputation of being ethical. We will be making many investments in this area. The Transportation Ministry will be a very important ministry. I need someone there I can rely on. His competence and honor will symbolically and effectively represent the PMDB [Brazilian Democratic Movement Party]. Had he not accepted the Transportation Ministry, Odacir Klein would have been the PMDB leader in the Chamber of Deputies.

When you achieve a party alliance, you either assume it in full and properly or not at all. Moreover, the entire country knows and respects Odacir Klein.

I have already mentioned that Jose Eduardo Andrade Viera has been appointed agriculture minister; and that Paulo Renato Souza has been appointed education minister. I have invited Professor Francisco Correa Weffort to be culture minister—I am going by order of seniority of the different ministries.

For those who are not aware of it, Professor Correa Weffort was my student and my assistant. We worked together and wrote a book together in Chile. He is one of the most respected and renowned intellectuals of Brazil. He is one of the most brilliant minds I know. He is a man of firm convictions. He did not vote for me. I am certain of this because of his convictions and his ties, but this is not all-important to me.

This is not a cabinet of friends or fellow party members. The most important quality I am looking for is competence and if they can help Brazil. I am convinced Professor Correa Weffort will be able to reinstate the Culture Ministry to the top levels the entire country expects. This ministry will not be merely decorative. We hope the Culture Ministry will channel many of the national issues particularly at a time when we are on the way toward a global economy, we must pay attention to the so-called national and regional identity, to creativity. Correa Weffort has the necessary sensitivity and competence to do this.

In an area in which Brazilian intellectuals were divided between myself and [Workers Party Presidential Candidate] Lula, I wish to achieve unity, not in my favor, but to solve Brazilian problems, to search for an adequate solution to cultural issues in Brazil.

I did not ask Professor Correa Weffort his status within the PT where he held the post of secretary general, and I

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am certainly not establishing an alliance with the PT or with anyone else. This intention is not mine or that of Professor Correa Weffort.

I am certain Lula, who has shown a very understanding position in this historic time, will know how to handle this situation.

I do not want this choice to imply that I expect, in any way, to obtain PT support. I hope the PT supports what it believes to be important for Brazil.

For the Labor Ministry, I have appointed Dr. Paulo Paiva, of the Minas Gerais Brazilian Labor Party. Paiva was a member of Helio Garcia's government, which balanced Minas Gerais accounts and rescued it from disorganization and lead it to economic balance. Together with Roberto Brandt, Paiva was Governor Garcia's right arm in this task. I have known Mr. Paulo Paiva for many years. He was a director of the Cdplar [expansion unknown]—a planning and demography organization very close to the Sebrap [Brazilian Analysis and Planning Center]—which was founded by me. I asked Mr. Paiva to head the Labor Ministry, although I had previously considered appointing him for another ministry. I invited Paiva to head the Labor Ministry at the request of the economic team which knows him well. We need him at the Labor Ministry, particularly because we may merge it with the Social Security Ministry. We still must decide on this issue. I use generic names because we must decide other details about these ministries. I asked Paiva to occupy the Labor Ministry because we need someone innovative. When I think about important ministries I think about innovative ministries, about ministries that will help the country join modern times. Labor relations must be faced from this point of view. We need discerning people, people who understand human relations and labor relations, as well as the economy. At the same time, these people must realize that now is the time to stage a revolution in the field of labor. This revolution must, however, benefit the workers and the salary earners in general, otherwise it will be meaningless. This challenge must be faced. The Labor Ministry will no longer mediate strikes. Strikes are becoming more the direct responsibility of workers and entrepreneurs. The government will play a less active role in these affairs and engage in other tasks. It must redefine labor laws, the workers' status in our modern days, and find ways to defend workers within the framework of a reality that shows that companies and the government can count on other means. This is where we need creative, experienced, and effective people who can earn the workers' respect—not for their capacity of enticing but by being innovative. I am sure Paulo Paiva will very effectively perform these tasks. In choosing Paiva, who was a secretary in Governor Helio Garcia's administration, I am also showing how much I appreciate Garcia's efforts in favor of Minas Gerais, and his support for my candidacy.

I have asked Deputy Reinhold Stephanes, of the Parana Liberal Front Party, to help with the Social Security Ministry. Stephanes began to reform the social security area. Former Social Security Minister Antonio Britto and Minister Cutolo have continued this reform. Before making this choice, I had a long talk with Minister Cutolo and asked him to discuss my decision with Deputy Stephanes. Thus, the reform will continue. The team and the guidelines will continue and the Social Security Ministry will be in the hands of a man whose honor and administrative skills everyone knows well because he has already administered the Health and the Social Security Ministries.

I invited Brigadier Mauro Jose Miranda Gandra to head the Aeronautics Ministry. He has always been an outstanding personality within this ministry. He worked directly in the Aeronautics General Staff and at Infraero [Brazilian Airport Infrastructure Firm], and has a great administrative and financial experience. I know him and am sure he has the necessary skills to replace the great personality that is Minister Lobo. I refer to Minister Lobo as a great personality because I have worked with him and am thus aware of his efforts at the ministry, in the privatization of Embraer [Brazilian Aeronautics Company], and of his persistence. This is why I will not dispense of him or give up whatever assistance he may give me, and I am sure he knows that.

I have already commented on the Health Ministry, which will be headed by Dr. Jatene.

At the head of the Industry, Commerce, and Tourism Ministry will be Dr. Dorothea Werneck. Currently, the Industry and Commerce Ministry is very important to me. It has always been very important but it will now be even more important. You ask me why. Concurrent to the stabilization process, we are also outlining policies for the resumption of growth. We are opening our economy to international competitiveness, but no one can do this without technological training or without financial funding—this aspect refers to the National Bank for Economic and Social Development [BNDES] and other financial institutions—as well as a strong policy to prevent unfair competition or dumping [preceding word in English]. To help this process we have the experience of businessmen, workers, government negotiating boards—particularly in what refers to technological renewal and employment. Brazil knows Dr. Werneck and is aware she has the capacity to negotiate with these areas. In the last few years, she has been working on two issues that seem essential to me: one is auditing—controlling expenditures—which is always important. The other one—quality control—is even more important. Dr. Werneck has sponsored the quality control programs and, as a result, has become respected by entrepreneurs for her experience.

I also believed that it would be appropriate to have an industry and commerce minister from Minas Gerais. Obviously it would have been suitable to have someone from Sao Paulo, but these days Minas Gerais is becoming the most industrialized state in the country,

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and the process is taking place quickly. For this reason it is important to open up a more effective channel for dialogue with Minas Gerais entrepreneurs. The Sao Paulo entrepreneurs already have communications channels, not only with the president of the Republic, but also with some of his ministers. That is why I wanted a more direct channel for communication with this new entrepreneurial area of the country. I want new communications channels everywhere. We cannot have the same conversation partners for all our dialogues. There is a new industrial world, just as there is a new agricultural world. This new industrial world will have to find in Minister Werneck an extremely effective channel for their demands—I will not use the word demands, I will say for their contributions to maintaining Brazil on the path leading to progress.

I have invited Dr. Raimundo Brito, of the Bahia Liberal Front Party, to head the Mines and Energy Ministry. Dr. Brito has been transportation secretary in Bahia State and president of the Bahia State Development Bank. He is a lawyer, and has great experience. I made this decision. I hope you will not let yourselves be fooled in this regard: I made this decision. I held conversations with several people, and asked many to suggest names and give me their opinions, but the responsibility of choosing ministers is in the hands of the president of the Republic. A president who does not listen to others' opinions is not good, and a president who follows everyone's suggestions is not good, either. The president must listen to suggestions, make his decision, and run the risk. The president's decision may prove right or wrong.

I have asked Dr. Brito to accept this ministry. I also need innovative solutions in this area. The second echelon companies are not to be raffled among the parties, either. We must begin a new way of administering Brazil. The second and third echelons should be occupied, whenever possible, by people with specific and technical training. This point of view coincides with Minister Brito's point of view. He used this philosophy in Bahia. I have already asked for information about his performance, and this is the policy we will implement. We have also discussed what we want to do in the area of mines and energy. As I announced in the Senate, we will face the privatization problem. State-owned companies cannot be effectively privatized without reinforcing public authority before doing so. Privatization cannot be effective without defending the interests of the country, without defending national assets. Privatization cannot be effective unless we find formulae ensuring that a larger number of Brazilians participate in the benefits of privatizations. These guidelines coincide with what Dr. Brito said, and will be implemented by the president of the Republic. I am certain that he will cooperate well with me.

For the Communications Ministry I will appoint Sergio Vieira da Motta, who is well known to all of you. This is a way of saying that this ministry is directly linked to the president of the Republic. People have imagined this and that about the Communications Ministry. I must say that this is a vital ministry. We will have to broadly negotiate a really interesting position for Brazil with regard to telecommunications in general, and to concessions. Everyone knows what I think about this issue, as I made my opinion about it known while I was still a member of the Constituent Assembly. We will have to find formulae that allow society to more openly control concessions. My administration will never use the concession of public services to obtain personal or political advantages. This is how I will govern, and Dr. Motta will implement my policies at the Communications Ministry.

I have already mentioned that Jose Israel Vargas will continue at the Sciences and Technology Ministry, that Deputy Jose Serra will head the Planning Ministry, and that Luis Carlos Bresser Pereira will head the Government Reform Ministry, the SAF [Federal Administration Secretariat]. I have asked General Leonel, Gen. Benedito Bezerra Leonel, to head the Armed Forces Joint Staff. I have great admiration for Gen. Leonel, I know him, we have worked together. I have discussed my ideas and my plans with the general.

After reading some newspaper reports, I want to make it clear here that the modern world today is favors the creation of a defense ministry. All of the ministers designated in military posts are aware of this. Yet neither the president of the Republic nor political leaders can impose their opinions on this subject. The subject must be thought about in a natural and appropriate way. Both the prospects, the format, and the pace will be determined by the most interested parties.

I would like to note something here: The Brazilian Armed Forces are today natural members of the Brazilian democratic state. If there is an area in which the president of the Republic, as President Itamar Franco used to say, feels most at ease, it is the military area. I will be the chief of the Armed Forces. I will be their chief. Yet I will be a chief who is aware that I will play that role only because the people elected me, and that the Armed Forces are aware of and respectful of that fact.

I have found so much generosity in the military sactor that if I could one day tell the nation of the talks I have held, the people would see that we truly have a great country, because democracy is deeply rooted in all of us. I have also found an extraordinary spirit of cooperation within the Armed Forces.

I want to make it clear that I intend to maintain this same spirit of respect and cordiality; that I want the task entrusted to the EMFA [Armed Forces General Staff] chief to be one of coordination, of construction; and that his task will always take into account the viewpoints of those directly interested parties, that is, the various military corps.

In sum, we will have 20 ministers, instead of the current 27 ministers, because I decided to eliminate the Social Welfare Ministry and the Regional Integration Ministry. I will mention later how I will deal with these areas.

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We will have 20 ministers and a special minister. I will tell you later who they are. Finally, what we need to do now is to organize Planalto Palace and to appoint the secretaries. The chief of the Civilian Household will be Clovis de Barros Carvalho, an engineer, who is still serving as executive secretary at the Finance Ministry. He has been an extraordinary aide. While it is true that the economic team deserves the praise I just accorded to it, that praise would have been simply hollow words had it not been for Carvalho's efficiency and ability to coordinate and get things done. I want him as chief of the Civilian Household to serve as the government's administrative coordinator. He will be my lieutenant. He will be the man who will be helping at all times in coordination actions among the ministries. I have already said here that I want to change the way the government is run. I do not want just cabinet meetings. I want sectorial meetings to attend to sectorial subjects. Some meetings will be held more frequently. The president of the Republic will attend these meetings. I will make sure that mornings at Planalto Palace will be set aside for internal meetings, because we must make a coordinated effort, and the president of the Republic will be involved in this coordination.

There will be no vertical structure. There will be no one saying this is my area. It will be our area, the country's area. Every area will be my problem, our problem. Carvalho will be the man who will be helping me at all times in this endeavor. He will naturally be collecting information at all times, because technical assistance in this area falls within the jurisdiction of the Planning Ministry, which will be giving us the appropriate technical information, and Mr. Carvalho will be the man charged with effectively using that information.

I apologize here because I missed one name, although I mentioned him in passing. I failed to refer to the appointment of Gustavo Krause as environment minister. He has been my choice, and he is aware of it. He is even aware as to when I chose him. I believe I should speak the plain truth, and I should note that I naturally had someone in my party to be that minister. He was Fabio Feldmann. I was very pleased to hear that Feldmann will serve as environment secretary in Sao Paulo State. Yet political developments often prevent us from implementing our plans. I thought Krause would be highly qualified to serve as environment and water resources minister.

The other day I read a newspaper report quoting Machado de Assis, who found water resources to be rather strange. It would be good for some journalists to become better informed before writing their articles. Nothing could be more important in today's world than water. In Brazil we have not adequately treated the use of water for irrigation and as a source of energy, as potable water, and as a vital liquid to human life. Although the use of water as a source of energy of course falls within the jurisdiction of the DNAEE [National Water and Electric Power Department], the Water Resources Ministry must have a plan.

I experienced a great deal of difficulty during the electoral campaign when going from Bahia to Pernambuco, or to Ceara, because everyone asked me what we were going to do about the diversion of the Sao Francisco River course. One state is in favor of the project, the other against. No one, however, is truly aware of the actual overall impact of the project. We cannot go on like this. This is very important.

I have asked Mr. Krause to help me—and he has accepted—as environment and water resources minister, and not only regarding the central ecological issue, which will not be just his area but will also be mine. The ecological issue will be a subject pertaining to me, and to the government, at all times. Krause's mission will not require him to stay put at the Environment Ministry to simply make bureaucratic decisions. Rather, his mission will be to show that the modern world is one requiring sustainable development, and to ensure that each government action be in keeping with the sustainable development principle.

In light of his charming personality and eloquence, no one could do better than Krause in persuading the transport minister, the energy minister, or the planning minister—if necessary, although I hope this would not be the case, because planning is vital in this undertaking—that it is paramount to maintain this approach on the environment.

Well, going back to the cabinet issue, I would say that Clovis de Barros Carvalho will be the chief of the Civilian Household, that General Alberto Cardoso will be the chief of the Military Household, and that Jorge Eduardo Caldas Pereira—who has always served as my chief of staff—will serve as secretary general of the Presidency.

I have also asked Ambassador Ronaldo Sardenberg to serve as head of the Strategic Affairs Secretariat [SAE], which will undergo changes. A proposal creating a Brazilian intelligence agency is already in Congress. We no longer need to resort to disguises. A modern state must obtain information democratically. Things must be called by their names. No government can rule effectively without adequate information.

Adequate information does not mean having spies meddling in the lives of others or acting as instruments of pressure for political or related purposes. Information is more important than that, and should not be used for such purposes. Information will not be used for such purposes. There will be means of control. We will examine the proposal submitted to Congress, and we will separate the function of collecting information, which will be assigned to an official I will appoint later, from the intrinsically strategic task.

The government needs to have someone serving somewhat like a periscope to verify the trends prevailing in the world, their effects on the domestic front, and what effects domestic events will have overseas. In sum,

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someone who would have a long-term view of events, and who would be close to the president to prevent him from losing sight of the long-term picture while attending to routine tasks. To perform this task is what I want Ambassador Sardenberg to do.

I already mentioned that I will create the National Social Communications Secretariat, and that I will appoint Roberto Muylaert, who is a widely known personality, to that post.

Well, I would like now to discuss the two instruments I consider essential for a government that seeks to maintain stabilization and design goals for economic growth and the resumption of growth, and that has to pay close attention to what has for some time been described as the social debt.

We have critical areas of poverty, which are concentrated in certain classes and in certain regions. The government will be required to take direct action in both areas. In the poverty areas the 1995 federal budget earmarks between $3 and $4 billion for projects that are considered to be of a social nature, although many many not be such.

There has been a splintering of resources, and these resources have been used to promote political patronage. Not all of these resources were used this way, but some of them were. Our institutions have grown obsolete, and we must undertake an innovative approach bearing the seal of approval of the president of the Republic.

During our electoral campaign we proposed the creation of the Community in Solidarity Program. This program will be implemented. We followed the Consea [Food Security Council] model. Yet we must clearly define what falls within the government's responsibility and what actions should be raised in and checked by society. The government will have to be responsible for this. We must have a technical agency, a technical secretary, within a council representing society, but the responsiblity will have to rest with the government.

I will appoint someone to perform that role, someone who could act on all of those ministries, and those funds will be blocked—and the Planning and Finance Ministry will play a key role here—for uses other than those approved by the Presidency of the Republic. Enough of political patronage. Enough of making discretionary use of funds for unclear purposes in the name of poverty.

We will maintain our agreements. I have already read newspaper articles predicting that there will be social chaos if the LBA [Brazilian Welfare Legion] is eliminated. My God! The LBA has 6,000 employees. More than 1,000 of them are at the AS level; and more than 30 at the AS-5 level. I was not able to obtain any more than five of them to help formulate the economic stabilization program. This is not possible. It is not possible to appoint people to jobs in the name of social action, without first making sure whether these people can do the job. We will be more strict in demanding compliance with the discharge of duties and with the rational use of resources. This is an essential instrument of the government. The other instrument is regional policy.

A strong effort will be made to dispel the concept of regional policy, because a regional policy should become a national policy. Either the Brazilian nation understands that the impoverished areas existing in the country are a national problem, or we create a ghetto area and appoint there someone who will be the target of local pressure—more often of local politicians than of the local community. No one is giving recognition to a region by appointing to a post someone from that region. Recognition is accorded to a region when the government policy brings benefits to the people of that region.

Policies ought to be harmonized, coordinated. The urban affairs and sanitation policy will be formulated by the Urban Affairs Policy Secretariat of the Planning Ministry. Its implementation will be entrusted to but one organization, the Federal Savings Bank, and will not splintered among various ministries. It might ultimately fall under the Health Ministry, because this is its specific jurisdiction. Yet we must coordinate the use of these resources.

It would be pointless to propose amendments to the federal budget when one segment of a road is built and another segment is interrupted only because the respective deputy did not carry enough weight. Things cannot be done this way. We must have the ability to coordinate and to plan our actions.

I have asked—and conferred at length with—Cicero Lucena, whom I also know, and who was governor of Paraiba. When I was finance minister he was already there. We talked at length, and the State of Paraiba managed to put its house in order. I told Minister Lucena what I am saying here. He agrees with me. I am sorry, he is a secretary. He agrees with me that in order to modernize the region, for us to have an adequately treated northeastern region, an adequately treated Amazon region, we must have the federal budget as a whole geared toward that objective. We must have the BNDES—as it has already been doing regarding a specific tourism program sponsored by the Inter-American Development Bank—undertake actions to build what Minister Stepanenko called the competitive northeastern region, by promoting investments in roads, in energy, and in irrigation in that area.

The secretary must serve as a coordinator, and for him to be effective he will have to keep one foot in the Planning Ministry—at the Regional Policy Secretariat—and the other in the Presidency of the Republic, where the secretary will also serve as executive technical secretary of a council in which the ministers involved will be represented. He will have to perform his task in such a way that the secretariat may serve to promote political changes, and not become a position designed to meet only requests linked to political patronage. No one asked

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for or wants to serve this role. Either we change the way we look at Brazil, or things will not go well.

Cicero Lucena has clearly understood this. He understood the significance I intend to attach to these two instruments. It is my commitment to do something about the least favored regions and about the least favored classes. These two groups will be very important, not in terms of obtaining government jobs, but in terms of exercising influence in causing the federal government policies to move in their direction.

I have read a great deal about this, including many commentaries. The president-elect has not forgotten his campaign promises, nor has he forgotten his commitment to implement an administration that will give birth to a new Brazil. All those with whom I have spoken, those I have mentioned here, are in favor of this commitment.

Finally, I want to announce that I will appoint a special minister. That special minister will take care of sports. His name is Pele [world-famous soccer player Edson Arantes do Nascimento].

Pele, who has never before accepted a public post, decided that this time it was his duty to apply his prestige, his interest in popular sports, his ability to draw attention to problems, and his experience as a poor child born in Tres Coracoes, Minas Gerais, who did not have the means to purchase the essentials to play soccer, to the task of proving that sports in Brazil are not the exclusive purview of the big soccer clubs, of professionals, of huge amounts of money involved in transfers of players, but rather a basic interest for the people as a whole. It is with this in mind that Pele has joined this team.

I felt that although he will be in charge of the Sports Secretariat, Pele's experience as UN ambassador—a mission during which he visited 45 countries to convince them of the importance of the Rio de Janeiro Earth Summit in 1992—gives him the right to bear the title of minister extraordinary, because he epitomizes a Brazilian success story of someone who came up all the way from the bottom, and in doing so did not forget that to really succeed one must work for the poorest people. I am very pleased to have been able to keep this decision confidential until the very last moment, so that it was not gossiped about.

I was saying that we will have among us a man who will help us demonstrate that Brazil is prepared to make a joint effort. Pele has never dabbled in politics; that is not his calling. However, he felt that the time was right. He felt that the time had come to share his experience, and so he is willing to help out as minister extraordinary for sports.

I am sure that I did not really have to introduce these people to the country; the country knows these names very well. These are names that command respect. These are names without a speck of suspicion attached to them. These are names that honor this administration, as they would honor any other administration. It would be very difficult to find a combination of people with their background, given the extremely difficult conditions under which the ministers will have to work.

You all know about the difficulties here in Brasilia. Even so, it has been possible to assemble a team that I am sure will be the best team I could have assembled, and the best team to govern Brazil.

A lot of work, a lot of coordination, little socializing, and a great deal of solidarity will be expected from all of you from now on.

Do not think in terms of regions; think about Brazil. What the regions need is a government that works for their people. The people of all states want to know if their ministers are doing what they are supposed to do; if they do not do their job they will be replaced, because as everyone knows, ministerial jobs are always temporary.

I will not make the mistake of saying that this or that minister will stay on for four years. I hope that will be the case, but ministers will be judged by their performance. High performance will guarantee continuity.

I expect them all to perform very well. I hope that I will not have to again go through the exercise of having to choose in good faith the best people available, while keeping silent and not denying things that I could have denied, because that would have confused the picture even further. As usual, there were more candidates than jobs. Many people legitimately aspire to participate, but not all of them can at the beginning. Choosing is always difficult for the president, but it is part of his job, and I have not hesitated to make my choices. These choices are mine, and I am responsible for the composition of this cabinet.

Thank you all very much, and I hope it turns out right.

Colombia

Attacks on Cartagena Buses Leave 8 Dead

PA2312025094 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 23 Dec 94

[Report by Diana Pedroza; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] Eight dead and four seriously wounded is the toll of the wave of attacks on mass transit buses in Cartagena, Bolivar Department. At approximately 1600 hours, three executive buses burst into flames almost simultaneously. The first one was in the Ternera periphery, the second, in Crespo neighborhood, near the airport, and the third, in the downtown area.

The buses were full. There was no explosion in any of the cases, which makes one believe Molotov cocktails were used.

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[Begin survivor Maria Quinones recording] First, there was a explosion like this... [pauses] and black smoke spewed out. Someone shouted: Fire! Fire! and people began to run out. The driver jumped out there, and the bus came here by itself. Flames began to come out when it reached the corner. [end recording]

The police authorities complained that in the bus in Crespo near the airport, the airport's firemen corps did not provide assistance.

[Begin unidentified regional prosecutor recording] We are looking for the people aboard the buses but we have not been able to find them because it seems people ran out in fear. [end recording]

The fatalities include a pregnant woman and one girl.

Trade Minister on New Flower Fund, G-3 Signing

PA2212170594 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 20 Dec 94

[Telephone interview with Foreign Trade Minister Daniel Mazuera by Caracol news director Dario Arizmendi; from "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Arizmendi] Last night, the Higher Foreign Trade Council issued important measures which will basically favor exporters of Colombian flowers. Good morning, Dr. Mazuera. What can you tell us about the fund created by the Higher Foreign Trade Council, minister?

[Mazuera] This was a decision by the Higher Foreign Trade Council to earmark part of the budget originally assigned to CERT [Tax Rebate Certificate] to create a fund, which will be administered by (Produxport). This fund will invest primarily in technology to modernize the flower industry and in commercial promotions seeking new international markets.

We believe the time is ripe for flower growers to make a significant investment because international competition is quite demanding. In addition, if the Colombian flower industry wants to have a future in the coming years, it must invest in technology to improve its competitiveness. This is thus a contribution by the state, in conjunction with contributions by the private sector, to help Colombian flower growers improve their position.

[Arizmendi] Today at 1000 the free trade agreement among the members of the Group of Three [G-3] will be signed simultaneously at the Narino Palace in Colombia and the government houses in Venezuela and Mexico. What will Colombia win by signing this agreement? When will it come into force? What activities are scheduled for today?

[Mazuera] The ceremony is slated for 1000. It will be an international conference via satellite of the Mexican, Venezuelan and Colombian presidents. The ceremony has symbolic significance because it will mark the beginning of a new era in commercial exchanges among the three countries. We believe the G-3 agreement will promote trade activities among Mexico, Venezuela and Colombia, as other commercial agreements have done in other regions. We believe that a market of some 140 million people with gradually decreasing tariffs and increasingly comprehensive integration criteria will constitute an improvement for the economies involved and will certainly enhance the exports and the capacity of consumers in the three countries to obtain goods produced in the region. I believe this will be very important and will give our exporters, and our industry in general, new opportunities to do business.

Ecuador

Chilean Foreign Minister Details Trade Accord

PA2212150694 Mexico City NOTIMEX in Spanish 2230 GMT 19 Dec 94

[FBIS Translated Text] Quito, 19 Dec (NOTIMEX)—Speaking today in Quito, Chilean Foreign Minister Jose Miguel Insulza said that investments play a key role in future trade relations with Ecuador. Tomorrow the two countries will sign a complementary agreement. "Investments play an important role" in strengthening trade relations between the two countries, Insulza said. Insulza began a three-day visit to Ecuador on Monday. The main reason for Insulza's visit is the signing of a complementary economic agreement which will initiate the creation of a free trade zone between the two countries that will enter into force in 1998.

In statements to the media, Insulza emphasized the prospect of increases in future trade with Ecuador, citing the example of other trade agreements signed with other countries. The Complementary Economic Agreement (ACE) that Insulza will sign on Tuesday in Quito will be the sixth agreement between Chile and a Latin American country.

Ecuadoran Foreign Minister Galo Leoro said that the Ecuadoran Government expects the agreement to fall within the framework of the political agreements on security and culture which will also be signed Tuesday.

ACE provides for reciprocal duty-free trade in over 400 products, the gradual freeing of additional products, including automobile production, and a list of sensitive products that will be excluded.

Bilateral trade has increased in recent years. The trade balance favors Chile due mainly to its oil exports. In 1990, Ecuador exported $77.6 million in goods to Chile; this figure increased to $110.8 million in 1993. Ecuador's purchase of Chilean products increased from $33.6 million in 1990 to $48.98 million in 1993.

The Chilean foreign minister also said that Chile's virtual acceptance into NAFTA will promote free trade through the signing of agreements between regional blocs. He said that the North American agreement is designed to allow other countries and other economic

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regions to join that large bloc. At the recent Summit of the Americas in Miami from 9 to 10 December, Chile was officially invited to join the trade agreement formed by Mexico, the United States, and Canada.

Insulza said Chile hopes to carry out its negotiations with NAFTA in the most "productive manner possible," adding that Chile's adherence to NAFTA is one more step in the direction in which all the nations on the continent are headed.

President Lets Personal Problems Affect Governing

95SM0088A Quito HOY in Spanish 27 Nov 94 p 4A

[Commentary by Javier Ponce]

[FBIS Translated Text] He had hardly descended from the airplane when he complained about his personal situation. He had hardly descended from the airplane and we were brought back brusquely to an annoying style of government: Sixto and the interminable personal injustices that pursue him.

The president's first press conference at the airport—awaited with expectation because of the number of pending matters in the country, from the proposals of Congress that do not reach the presidency so that they will not fall into the hands of Alberto Dahik, to the increase in the price of diesel fuel—once again had as its protagonist his private physician. And the president saw the need to explain that Walter Abendschein is going to the bullfights at his own expense and not at the cost of the state.... Enough of that.

For about a month, we have been awaiting news about his spinal column. The medical reports and the president's optimism fed the news programs. All right, the physical health of a president is a matter of state, but the state cannot turn itself inside out over the continuing personal situation of the president.

Those who voted for him, elected him for his personal goodness, it is true. They still had a vivid memory of Febres Cordero's violence. But they held the hope that Sixto would convert this personal goodness into a social goodness, a goodness of state.

But Sixto continues to be encapsulated in his personal drama.

He has spent two years replying to critics with his "40 years of service to the fatherland." His indecisiveness in cabinet meetings has usually ended with complaints and personal resentments, in addition to overdue solutions. The corruption of the state ended in the sad soap opera about the grandfather deceived by his heartless in-laws, and it went no further than that.

Poor country, governed by constant personal resentment. By a president constantly on the defensive. Who can become ill-tempered at any time, not because of serious state matters, but because of his blessed "personal situation."

In contrast, the vice president represents social deafness, social indifference incarnate. In this the vacuum is much greater and confusion is total. We live between a shadow that governs us from time to time from the heights of the purest economic science and the worldly laments of a president too wrapped up in himself and in what people will say about him.

This vacuum, this rupture, has even had a ridiculous episode: the president of Congress putting away in a desk drawer the laws voted by Congress, so that Alberto Dahik will not see and veto them, but that they may enter the area of indecision and negotiation with Sixto.

This regime is definitively divided, broken. It is no longer possible to hope that fear among the ministers of provoking the president's anger might heal their differences, as has occurred several times in the past two years. The personal motivation of the president is no longer sufficient to impose unity on an internal polemic that began in August 1992. For now, the serious side is that the entire situation has been revealed. We are not going to hand over the Law of Decentralization to the fox who is guarding the chickens, said Febres Cordero, to describe Moeller's decision not to turn over the approved bill to the executive branch. If matters have been conducted until now in silence, on tiptoe, without awakening or angering the president, it is now impossible to conceal disagreements.

Subsidies Set for Banana, Shrimp Producers

95SM0076A Quito EL COMERCIO in Spanish 26 Nov 94 p A2

[FBIS Translated Text] As of 26 November 1994 the following subsidies enter into effect: one for banana growers, another for shrimp producers, and still another for those who produce for export. Fishermen will have a special price for the fuel which their boats use. The subsidy is not provided for middlemen.

The sombre prospect presented to Ecuadoran producers and consumers by the 62 percent increase in the price of diesel fuel is slowly becoming more clear.

For producers hope is beginning to appear, as at dawn, when the first light of day breaks through the shadows. Their representations brought positive results after 26 days.

The government decided to compensate those who were on the edge of the abyss for the past few weeks. The Ministry of Finance will pay banana exporters a 7 cent subsidy for each case of fruit sold abroad.

If the exporter is a middleman, he will have to pay this subsidy to the producer and then be reimbursed by the tax collector.

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The same system will be used with shrimp producers, except that in this case they will receive 15 cents for each pound of shrimps shipped abroad.

Other exporters will also benefit from this arrangement, which is called the "drawback" system.

This measure is surprising, because it contradicts the policy followed by the government so far of saying "no" to subsidies. As of 1 November, when the price of diesel fuel leveled off at that of the highest quality gasoline, discontent grew among ordinary people, industrialists, producers, and ordinary workers.

The fact is that the fuel price increase meant an increase of 10 percent in industrial production costs. Emergency generators, which are affected by the price of diesel fuel, produce energy at a higher cost. At the same time sales costs in the order of 20 percent were increased by the rise in transportation freight charges. In short, production costs increased by 30 percent. In this case the price increase could not be included in the retail price, so that the consumer would pay everything, as was formerly the case.

The reason is that there are imported goods in the market at competitive or cheaper prices.

Another sector which will be subsidized is fishing with hand lines, on which tens of thousands of Ecuadorian families depend. The fishermen need fuel to move their boats. Their production satisfies domestic demand for shellfish.

Hand line fishermen will be sold a special fuel, a mixture of gasoline and oil, at a price of about 1,700 sucres a gallon. The Petrocomercial Company will set up distributors of this fuel, which cannot be used by other sectors, along the coast.

Confidence and stability will be returned to productive sectors with these measures, and greater social costs will be avoided, in terms of the imminent closure of factories and an increase in the prices of essential articles.

Summary of Measures To Be Introduced

BANANA GROWERS - Producers of this kind of fruit will receive 7 cents for each case which they export.

SHRIMP FISHERMEN - Those who produce shrimp will receive 15 cents for each pound of this item sold on the international market. Shrimp and bananas generate high income.

EXPORTERS - If they are middlemen, they will pay the subsidy to those who supply them with the products which they export. Then they will collect an equivalent payment from the Ministry of Finance. If they are producers, they will receive the subsidy directly.

OTHERS - All of those who produce articles for export will benefit from this arrangement, which is called the "drawback" system.

FISHERMEN - The Petrocomercial Company will sell them a special kind of fuel, a mixture of gasoline and oil, used for the motors on their boats. The price per gallon will not exceed 1,700 sucres.

Commentary Criticizes Decentralization Bill Veto

95SM0088B Guayaquil EL UNIVERSO in Spanish 11 Nov 94 p 7

[Commentary by Pedro Valverde Rubira]

[FBIS Translated Text] The total "veto" of the Law of Administrative and Financial Decentralization, in Social Christian "style," by President Duran-Ballen before leaving on his trip to the summit in Miami, should not have surprised the country, especially political circles. All the more, because of the consequent "fervor" of other political parties for the electoral benefits that would accrue to the authors of the law, these circles had already shown themselves to be opposed to it, granting the government's arguments "without really wanting to." And when the matter was seen from the government's point of view, they had more than sufficient political reason to oppose it. The law would take away "power" from the government, by taking away from it the administration of approximately one-third of the state budget, which instead would have been distributed by municipalities, provincial councils, and public sector provincial agencies. It is true that the most productive provinces are going to benefit most, but, at the same time, they are the ones most able to make their angry complaints heard at the gates of Carondelet, as opposed to the smaller provinces. The smaller provinces will continue to be passed over, although not as much as happens now.

Under the Constitution, the total veto sends this bill to the "files," at least for another year, with no possibility that it can be discussed for that entire period. Nevertheless, it would be very useful to the national interest if the government as well as Congress were, together, to form a mixed commission, with delegates from the sectional organizations, to discuss a new proposal based on the work of the National Council for Modernization. This would be an important decision, because beyond the electoral calculations that unquestionably distort any patriotic legislative commitment, Ecuadorians demand profound change that will diminish the absorbing, hegemonic, and hateful centralism exercised by governments, to the detriment of a fair and equitable distribution of state revenues for all Ecuadoran provinces, without discrimination.

If only the commission to be formed could be "supported" by all party blocs in Congress, so that the result would obtain the consensus necessary for its final approval.

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Privatization Timetable Given

95SM0074A Quito EL COMERCIO in Spanish 17 Nov 94 pp A1, B1

[FBIS Translated Text] On 30 May 1995, 15 areas in the port of Guayaquil will be turned over to the private sector. The telecommunications system should have a new legal framework by the end of December 1994. The railroads will not completely disappear. There is interest in the private sector in two sections of the line.

The government intends to make up lost ground in view of the limited success it has had on the privatization program. All expectations point to 1995, when the first acts of privatization will be approved. In the case of the railroads they will not disappear (not entirely, that is), since several private tourism companies want to invest in the sections of line from Quito to Riobamba and from Riobamba to Duran.

To privatize Emetel (Ecuadorian Telephone Company), it is hoped that Congress will approve reforms to the existing telecommunications law by 31 December 1994. Everything is ready: the agreements with the World Bank, the team of advisers, and offers on the table. There is one petroleum objective: award a contract for the construction of the program for expansion of the petroleum pipeline.

The official decision to continue with privatizations in Ecuador is beginning to make progress. Goals have been set to complete action on the extension of concessions and on new statements to provide information on other aspects of the process.

The government intends to regain ground which it has lost due to the limited success which it has recorded in this area. All expectations point to 1995, when the first privatization actions will take place since the Ecuadoran Aviation Company was turned over to the private sector.

In effect, on 30 May 1995 some 15 areas in the port of Guayaquil will be turned over to the private sector for handling cargo.

In the case of the state railroads, these will not disappear (at least not completely). Several private tourism companies want to reopen segments of the railway line between Quito and Riobamba and between Riobamba and Duran.

To restructure the National Railway Company (ENFE), an executive support unit to manage the company has been set up, as well as another, technical unit, composed of three private executive firms to work full time on changes in the ENFE.

Regarding the petroleum industry, the present administration does not want to begin the privatization of this sector, although it will prepare the way for the next administration to make the decision. According to CONAM [National Modernization Council], the only goal of the present administration is to award the contract for construction of the expansion of the Trans-Ecuadoran Pipeline.

Mauricio Pinto, president of CONAM, has said that the privatization process "will encounter rocks, holes, and boulders. However, we are ready to move over them in order to have a better future." This statement marks the path of the privatization program.

International advisers are playing an important role in this process.

Vinicio Garzon, director of the privatization program for the transportation sector, has said: "With these advisers we have tried to find the most suitable models for each sector."

Communications Sector

TELECOMMUNICATIONS - To privatize Emetel [Ecuadorian Telephone Company], it is expected that Congress will approve amendments to the telecommunications law by 31 December 1994 at the latest. Everything is ready at CONAM: the agreements with the World Bank, the team of advisers, and offers on the table. Mauricio Pinto explained: "CONAM is not interested in where the draft bill amending the telecommunications law comes from but rather in having the right, legal instrument."

PORTS - The port of Guayaquil will be the first to be handed over to private enterprise on a concessionary basis to operate cargo services within and outside the port. A resolution to this effect was approved by the National Council of the Merchant Marine and Ports, which met on 14 November in Manta. The unit for the modernization of the ports, which is operating in Guayaquil, is making preparations to issue invitations to bid, which will be called for in January 1995. Then the process of privatization of the three remaining ports in the country will begin.

RAILROADS - The National Railway Company will begin a process of modernization to meet Ecuadoran realities. The number of employees will be reduced. Tourism companies are interested in operating the routes from Quito to Riobamba and from Riobamba to Duran. However, if an agreement is reached with these companies, they will be responsible for all expenditures and investment to rehabilitate the right of way. Assets, liabilities, debts, and technical and operational aspects are being studied.

AIRPORTS - Technical experts and executives of the Directorate of Civil Aviation (DAC) and of CONAM wish to reach a consensus on the terms of reference leading to studies on the airport situation in Ecuador. The plan to be developed will have non repayable resources available in the order of $4.0 million, donated by developed countries. To facilitate the resolution of

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the formalities involved, CONAM has held conversations with the Multilateral Investment Fund (FOMIN), which the IDB [Inter American Development Bank] administers.

And Services

POSTAL SERVICE - Once the postal service is no longer a government monopoly, only the regulatory framework will remain to strengthen the National Mail Company from the technical point of view. It is expected to conclude the process of privatization during the second half of 1995. At the beginning of 1994, by order of Marcel Laniado, former president of CONAM, the Postal Service gave the private sector freedom to operate parallel mail services. However, it is also desired to turn over to the private sector the operation of domestic and international services.

ELECTRICITY - Draft legislation affecting this sector is being prepared to turn hydroelectric generating stations into corporations. INECEL [Ecuadoran Institute of Electrification] will disappear, and a new regulatory body will be created. Meanwhile, preparations are being accelerated to issue a general regulation under the electrification law now in force. The strategy is to separate the electrical system in the country into its respective areas of power generation, transmission, and distribution.

PETROLEUM - There is a single objective: to award a contract for the construction of an expansion in the Trans-Ecuadoran Pipeline. If this process is successfully completed through the BOT system (adjudicate, operate for a certain period of time, and then transfer the project to the state) and with the participation of the private sector, other governments should do the same.

Vargas Candidacy Changes Electoral Panorama

95SM0082A Quito EL COMERCIO in Spanish 20 Nov 94 p C2

[FBIS Translated Text] The candidacy of Frank Vargas Pazzos (APRE [Ecuadoran Revolutionary Popular Action]) has now been confirmed. Although it was already being hinted at because of his growing popularity in the polls, there was nothing definite.

But on 11 November, in the meeting between the Popular Democratic Movement and other popular organizations, official support was announced for the candidacy of the APRE deputy—two years prior to the 1996 elections.

Jacques Chirac launched his candidacy six months before the elections in France, to cut the ground out from under his fellow party member, Edouard Balladur. And all of the analysts agreed that it was a rash move. A lesson that is undoubtedly worth taking into account.

With this action by the APRE, the work that Popular Democracy (DP) and the Democratic Left (ID) have been conducting for almost a year to form a broad, centrist front could be in vain. This, for Jaime Nebot of the Social Christian Party (PSC), could be a plus. In any case, Vargas' candidacy alters the fragile electoral panorama.

First, because he occupies, this time as leader (it is what he wanted), the territory to which he was called, at least at first, as just another member: the front in which would converge the parties from the left to the center, the popular organizations, and the independent progressives.

This plan has been taking more solid form for the past one and a half months, with meetings of the directorates of both parties. Interestingly, in these meetings, no name was ever mentioned for the presidency. Without consulting his possible allies, Vargas puts his name forward and creates, de facto, a first split.

In addition, there is another problem between these forces: Gustavo Larrea, APRE deputy, said that, in a meeting with Paz, he told Paz that neither he nor his party would be interested in an alliance. And the feeling is certainly reciprocated. Their drama is that they are condemned to seek votes in the same political area: the Democratic Left.

Within that party, there are disagreements over which road to take.

This was confirmed by leaders of the APRE and the ID. "We should take a position that represents the country and goes from the center to the left," says Andres Vallejo. "It is not a question of choosing between the DP and Vargas. It is a mistake by the patriotic front (of the APRE) to announce an alliance with this or that party. What we should do is form a front that will take us out of the clutches of the right, and that goes beyond parties."

Antonio Rodriguez agrees: "They are creating an unsuccessful candidate. It will cause problems, because anything can happen when there is divergence."

What could happen? That this weakening of the left could become a great advantage for Nebot. If Vargas is his opponent in the second round, the same effect could be produced as when Borja and Bucaram faced one another in 1988. Then, many voted not for Borja but against the candidate considered to be too folkloric. This is why the graffiti became so popular that said: "Bucaram, I hate you for making me vote for Borja."

Nebot forestalled that likelihood. "I am not talking about the center left nor the right. These concepts are no longer valid. What would a social message like mine contain?"

For Nebot, it is beyond doubt that "Vargas has a following in Quito and in other provinces because he does not conduct politics from behind a desk. And he has a message, mistaken, but he has one." His wink of the eye is understood.

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There remains the situation of ex-Social Christian Ricardo Noboa. Talks and interest in a rapprochement between him and the DP have been public for the past month. But Rodrigo Borja said last Wednesday that the ID has no interest in forming an alliance with him. Then what? If the alliance with Noboa takes place, the DP would move further to the right, as befits its origins and its international affiliation. Noboa, by the way, is a candidate who does not displease the government.

Petroecuador Announces Expansion of Refineries

95SM0084A Guayaquil EL UNIVERSO in Spanish 5 Dec 94 p 3

[FBIS Translated Text] Quito—The obsolescence of our refineries has caused a decrease in fuel production of approximately 4,000 barrels a day. This situation could worsen when refining heavy crude oil begins.

To deal with this critical situation, Petroecuador plans to modernize and expand its three principal refineries: Esmeraldas, Amazonas, and Peninsula, which will require an investment totaling $438 million.

The president of Petroecuador, Federico Veintimilla, announced that the completion of this project is important in order to maintain the petroleum industry in peak condition. This is one of the country's major sources of income, and the completion of this project will demonstrate that it has the support and backing of the government, which is aware of the situation.

Veintimilla rejected accusations of irregularities in the choice of firms to perform the work, because the adjudication of the contracts was done in strict accordance with the law and using as a standard what would be the greatest benefit to Ecuador.

Veintimilla said that the Office of the State Comptroller General is conducting special reviews of all contracts signed by Petroindustrial in 1993 and 1994.

The manager of Petroindustrial, Benjamin Valle, reported on the plans for these projects, which are necessary in order to address future concerns.

Valle explained that the Amazonas refinery, in the east, is being expanded from 10,000 barrels to 20,000. The work is 86 percent complete and is expected to be finished by March 1995.

The project will cost $24 million, funded by Petroecuador.

Valle said that the Esmeraldas refinery is being modified so that it can process heavy crude oil, and also to be able to continue processing light crudes. The changes provide for expanding capacity from 16,000 to 18,000 barrels of petroleum a day from the FCC [expansion unknown] unit that produces high octane gasoline and petroleum liquid gas. The project will cost $15 million. The work is 25 percent complete and is expected to be finished in April 1995.

Valle reported that the Esmeraldas refinery is also being expanded, at a cost of $174 million, 70 percent of which will be financed by the construction company and 30 percent by Ecuador. He said that the contract had been adjudicated to the Spanish consortium Tecnicas Unidas, and that the contract would be signed in a few days.

As for the Peninsula refinery, engineer Valle said that all of the data was in hand for its modernization and expansion, but it first had to be decided whether Petroecuador would continue to administer it.

[Box, p 3]

Petroecuador's Budget Tops 2 Billion Sucres

Quito—Petroecuador's budget for 1995 rose to 2.45 billion sucres, due to inflation and because of investments in exploration, exploitation, refining, and transport of crude oil and its derivatives.

"We are not going to run out of petroleum tomorrow, to say that would be absurd," said the president of Petroecuador, Federico Veintimilla, pointing out that, for 1995, there are plans to strengthen the state-owned enterprise in exploration, exploitation, refining, transport, and marketing.

Veintimilla said that the government is providing backing and support to the petroleum industry, one of the major sources of economic wealth, which will be used for the country's development. "I try to carry out the aspirations of the president of the Republic in this area," he commented.

Veintimilla reported that in 1995 the completion is anticipated of the expansion of refineries, construction of the pipeline, and the renewal of seismic activities, drilling exploratory wells, etc.

Uruguay

President-Elect on Cuba Embargo, Mercosur

PY2212024194 Madrid EFE in Spanish 1442 GMT 21 Dec 94

[FBIS Translated Text] Brasilia, 20 Dec (EFE)—Uruguayan President-elect Julio Maria Sanguinetti said in Brasilia today that the trade embargo on Cuba must be lifted.

Sanguinetti noted: "I would like the blockade to be lifted, because it simply serves to strengthen the current Cuban situation when what this island needs now is to open up and allow the people to promote their own development."

In remarks to the Brazilian Television Network (SBT), the Uruguayan president-elect said: "Cuba has a totalitarian regime that responds to a doctrine, to a concept. All of us hope it will steer itself toward a democratic system, but it is more complicated than is believed."

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Sanguinetti emphasized that "the current situation" of Latin American democracy "has never been achieved before." He noted that democracy "must constantly be constructed, because it does not take care of itself."

Sanguinetti noted: "Uruguay is a good example. We had a very solid democracy, based on a very important social project that was very stable at the turn of the century. We believed we possessed democracy for ever, but one day, in 1973, we experienced a coup d'etat. It was astonishing, something we could not believe."

Sanguinetti emphasized: "This demonstrates that one cannot be arrogant and forget that democracy requires care. Now we are in the best position for establishing democracy in America ever."

Sanguinetti added: "The cold wars in which the East supported guerrillas and the West coups d'etat are now over."

Sanguinetti indicated: "The Cold War is over now, and these ideological conflicts are passe, but we have endured authoritarian formulas with very painful results. The people have gained. Impatience must be bridled, corruption must be faced, and the freedoms that allow great democratic honesty must be protected."

In other remarks, Sanguinetti emphasized that for Uruguayans the Common Market of the South (Mercosur) represents "a life or death issue, a fundamental factor in our existence."

The Uruguayan president-elect met Brazilian President Itamar Franco and lunched with Brazilian President-elect Fernando Henrique Cardoso and former President Jose Sarney.

Sanguinetti denied that his administration would recant on the economic agreements achieved with Uruguay's neighbors. He noted that his former administration had promoted the integration process. Sanguinetti nevertheless admitted that it is necessary to protect some local sectors that are very exposed to competition.

Sanguinetti noted: "For Brazil, Mercosur merely represents 10 percent of its market, but for Uruguay it represents 50 percent. For us this represents a very significant issue."

Sanguinetti emphasized: "We have always championed open economies, even much earlier than Argentina and Brazil, and we will not change now."

Sanguinetti, who arrived in Brazil from Argentina, will travel to Paraguay today.

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